

Congressional Budget Justification  
**FOREIGN OPERATIONS**



Fiscal Year 2007

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# INTRODUCTION

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Budget Tables for Foreign Operations Request

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## FY 2007 FOREIGN OPERATIONS SUMMARY

(\$ in millions)	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
<b>FOREIGN OPERATIONS</b>	<b>23,431</b>	<b>20,859</b>	<b>23,720</b>
Export-Import Bank of the United States (net)	106	122	58
Overseas Private Investment Corporation (net)	(186)	(161)	(160)
Trade and Development Agency (TDA)	51	50	50
Child Survival & Health Programs Fund (CSH)	1,562	1,644	1,433
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[248]	[248]	[100]
Development Assistance (DA)	1,448	1,509	1,282
International Disaster and Famine Assistance (IDFA)	575	418	349
Transition Initiatives (TI)	49	40	50
Development Credit Authority (DCA) - Admin. Exp.	8	8	8
Development Credit Authority (DCA) - Subsidy	-	-	5
USAID Operating Expenses (OE)	637	624	679
USAID Capital Investment Fund	59	69	132
USAID Inspector General Operating Expenses (IG)	37	36	38
Economic Support Fund (ESF)	3,915	2,621	3,214
Assistance for Eastern Europe and the Baltic States (SEED)	393	357	274
Assistance for the Independent States of the Former Soviet Union (FSA)	626	509	441
Tsunami Recovery and Reconstruction Fund	656	-	-
Peace Corps	317	320	337
Inter-American Foundation	18	19	19
African Development Foundation	19	23	23
Millennium Challenge Corporation	1,488	1,752	3,000
International Narcotics Control and Law Enforcement (INCLE)	947	472	795
Andean Counterdrug Initiative (ACI)	725	727	722
Migration and Refugee Assistance (MRA)	884	783	833
U.S. Emergency Refugee & Migration Assistance (ERMA)	30	30	55
Nonproliferation, Anti-Terrorism, Demining (NADR)	422	406	449
Global HIV/AIDS Initiative (GHAI)	1,374	1,975	2,894
Global Fund to Fight AIDS, Tuberculosis & Malaria	-	[198]	[100]
Conflict Response Fund	-	-	75
Democracy Fund	-	94	-
Treasury Technical Assistance	19	20	24
Debt Restructuring	99	64	183
International Military Education & Training (IMET)	89	86	89
Foreign Military Financing (FMF)	4,995	4,465	4,551
Peacekeeping Operations (PKO)	548	173	201
International Financial Institutions	1,219	1,277	1,329
Multilateral Development Banks Arrears	[11]	[5]	-
International Organizations & Programs (IO&P)	301	326	289

General Notes:

- Detail in this table may not add to the totals due to rounding.
- The FY 2005 Actual level reflects an 0.8% across-the-board rescission. The level also includes \$3.7 billion in emergency supplemental appropriations; see table that follows.
- The FY 2006 Estimate level reflects a 1% across-the-board rescission. The level also includes \$133 million in emergency supplemental appropriations; see table that follows.
- An additional FY 2006 rescission in the Export-Import Bank Subsidy account (\$25 million), required by Title III of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (P.L. 109-148), will be taken from prior-year unobligated balances.
- Of the \$656 million in the Tsunami Recovery and Reconstruction Fund (TRRF) appropriations, as of January 17, 2006, approximately \$120 million had been transferred to other accounts as reimbursements, including \$101 million to IDFA and \$12 million to P.L. 480 Title II. In addition, \$31.3 million in TRRF has been transferred to the CSH account to support efforts to combat the avian influenza virus.

**FY 2005 - FY 2006 Emergency Supplementals**

*(\$ in thousands)*

	<b>FY 2005</b>	<b>FY 2006</b>
	<b>Actual</b>	<b>Actual</b>
<b>Foreign Operations</b>	<b>3,681,500</b>	<b>132,600</b>
Child Survival and Health Programs Fund	-	75,200
International Disaster and Famine Assistance	190,000	56,300
USAID Operating Expenses	24,400	
USAID Inspector General Operating Expenses	2,500	
Economic Support Fund	1,433,600	
Assistance for the Independent States of the Former Soviet Union	70,000	
Tsunami Recovery and Reconstruction Fund	656,000	
International Narcotics Control and Law Enforcement	620,000	
Migration and Refugee Assistance	120,400	
Nonproliferation, Anti-Terrorism, Demining & Related Programs	24,600	
Foreign Military Financing	250,000	
Peacekeeping Operations	290,000	
Peace Corps	-	1,100

**FY 2007 FOREIGN OPERATIONS SUMMARY - DETAIL**

(\$ in thousands)	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
<b>FOREIGN OPERATIONS</b>	<b>23,430,833</b>	<b>20,859,301</b>	<b>23,720,369</b>
<b>Title I - Export and Investment Assistance</b>	<b>(28,886)</b>	<b>11,773</b>	<b>(51,608)</b>
<b>Export-Import Bank of the United States (Ex-Im)</b>			
Loan Subsidy	59,322	99,000	26,382
Administrative Expenses	72,614	72,468	75,234
Inspector General	-	990	988
Direct Loans, Negative Subsidy	(26,000)	(50,000)	(45,000)
Subtotal, Export-Import Bank	105,936	122,458	57,604
<b>Overseas Private Investment Corporation (OPIC)</b>			
Administrative Expenses	42,542	41,851	45,453
Net Offsetting Collections	(252,260)	(223,000)	(225,000)
Credit Subsidy	23,808	20,073	20,035
Net Negative Budget Authority, OPIC	(185,910)	(161,076)	(159,512)
Trade and Development Agency (TDA)	51,088	50,391	50,300
<b>Title II - Bilateral Economic Assistance</b>	<b>16,307,741</b>	<b>14,520,102</b>	<b>17,313,709</b>
U.S. Agency for International Development	4,375,364	4,346,950	3,975,826
Child Survival & Health Programs Fund (CSH)	1,562,400	1,644,350	1,433,000
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[248,000]	[247,500]	[100,000]
Development Assistance (DA)	1,448,320	1,508,760	1,282,000
International Disaster and Famine Assistance (IDFA)	574,896	417,680	348,800
Transition Initiatives (TI)	48,608	39,600	50,000
Development Credit Authority - Subsidy (by Transfer)	[21,000]	[21,000]	[21,000]
Development Credit Authority - Subsidy (appropriation)	-	-	5,000
Development Credit Authority - Administrative Expenses	7,936	7,920	8,400
USAID Operating Expenses	637,456	623,700	678,826
USAID Capital Investment Fund	58,528	69,300	131,800
USAID Inspector General Operating Expenses	37,220	35,640	38,000
Other Bilateral Economic Assistance	5,589,539	3,487,275	3,929,370
Economic Support Fund (ESF)	3,914,592	2,621,025	3,214,470
Assistance for Eastern Europe and the Baltic States (SEED)	393,427	357,390	273,900
Assistance for the Independent States of the Former Soviet Union (FSA)	625,520	508,860	441,000
Tsunami Recovery and Reconstruction Fund	656,000	-	-
Independent Agencies	1,842,144	2,114,255	3,378,694
Peace Corps	317,440	319,880	336,700

(\$ in thousands)	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
Inter-American Foundation	17,856	19,305	19,268
African Development Foundation	18,848	22,770	22,726
Millennium Challenge Corporation	1,488,000	1,752,300	3,000,000
<b>State Department</b>			
State Department	4,382,645	4,487,473	5,823,320
International Narcotics Control and Law Enforcement (INCLE)	947,389	472,428	795,490
Andean Counterdrug Initiative (ACI)	725,152	727,155	721,500
Migration and Refugee Assistance (MRA)	884,240	783,090	832,900
U.S. Emergency Refugee & Migration Assistance (ERMA)	29,760	29,700	55,000
Nonproliferation, Anti-Terrorism, Demining (NADR)	422,184	406,000	449,430
Global HIV/AIDS Initiative (GHAI)	1,373,920	1,975,050	2,894,000
Global Fund to Fight AIDS, Tuberculosis & Malaria	-	[198,000]	[100,000]
Conflict Response Fund	-	-	75,000
Democracy Fund	-	94,050	-
<b>Department of the Treasury</b>			
Department of the Treasury	118,048	84,150	206,499
Treasury Technical Assistance (TTA)	18,848	19,800	23,700
Debt Restructuring	99,200	64,350	182,799
<b>Title III - Military Assistance</b>	<b>5,631,812</b>	<b>4,724,027</b>	<b>4,840,300</b>
International Military Education & Training (IMET)	89,012	85,877	88,900
Foreign Military Financing (FMF)	4,995,232	4,464,900	4,550,900
Peacekeeping Operations (PKO)	547,568	173,250	200,500
<b>Title IV - Multilateral Economic Assistance</b>	<b>1,520,166</b>	<b>1,603,399</b>	<b>1,617,968</b>
International Financial Institutions	1,219,199	1,277,236	1,328,968
Global Environment Facility	106,640	79,200	56,250
International Development Association	843,200	940,500	950,000
Multilateral Investment Guarantee Agency	-	1,287	-
Asian Development Fund	99,200	99,000	115,250
Asian Development Bank	-	-	23,750
African Development Fund	105,152	134,343	135,700
African Development Bank	4,067	3,602	5,018
European Bank for Reconstruction & Development	35,148	1,006	-
Enterprise for the Americas Multilateral Investment Fund	10,912	1,724	25,000
Inter-American Investment Corporation	-	1,724	-
International Fund for Agricultural Development	14,880	14,850	18,000
Arrears	[10,912]	[5,453]	-
International Organizations & Programs (IO&P)	300,967	326,163	289,000

Note: Details in this table may not add to the totals due to rounding.

# I. REQUEST BY APPROPRIATION ACCOUNT

Export and Investment Assistance  
Bilateral Economic Assistance  
Military Assistance  
Multilateral Economic Assistance

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# EXPORT AND INVESTMENT ASSISTANCE

Export-Import Bank of the United States  
Overseas Private Investment Corporation  
Trade and Development Agency

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## Export-Import Bank

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
EXIM-Administrative Expenses	72,614	72,468	75,234
EXIM-Inspector General	-	990	988
EXIM-Loan Subsidy	59,322	99,000	26,382
EXIM-Negative Subsidy	(26,000)	(50,000)	(45,000)

### Export-Import Bank

Export-Import Bank sustains and increases American jobs by financing the exports of U.S. goods and services that would otherwise not go forward by providing direct loans, loan guarantees, working capital guarantees, and insurance.

The FY 2007 request seeks \$26.4 million for loan programs and \$75.2 million for administrative expenses. Such funding, in combination with program budget authority carried over from prior years, will support \$17.5 billion in lending activity.

Ex-Im Bank will finance the export of all types of goods or services, including commodities, as long as they are not military-related (certain exceptions exist). Two of the Bank's mandates are to increase the export of environmental goods and services, which are in strong demand among the developing nations, and to expand the amount of U.S. small businesses exports.

Funding will allow Ex-Im to:

- Match foreign, officially sponsored export credit competition.
- Assume commercial and political risks that U.S. exporters or private sector institutions are unwilling or unable to undertake.
- Overcome limitations in private sector export financing.

## Overseas Private Investment Corporation

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
OPIC-Administrative Expenses	42,542	41,851	45,453
OPIC-Credit Subsidy	23,808	20,073	20,035
OPIC-Net Offsetting Collections	(252,260)	(223,000)	(225,000)

The Overseas Private Investment Corporation (OPIC) is the primary U.S. government agency focused on private sector investment in the developing world. Today, OPIC helps U.S. businesses to invest in 153 countries, promoting development while serving important foreign policy goals. OPIC catalyzes private sector development and by doing so plays a meaningful role in the development of the regions where instability poses foreign policy and national security challenges to the nation.

Private sector investment support provided by OPIC is market driven, and as a result, efficiently aligns government resources with projects that are most likely to drive economic growth. For many countries that have moved beyond basic humanitarian assistance, OPIC is an effective and efficient way to promote private sector growth. OPIC's goal is to generate "additionality" on each transaction it conducts, meaning OPIC is able to add value to every investment it supports.

In FY 2007, OPIC requests the authority to spend \$45.5 million of its resources for administrative expenses. In addition, OPIC requests \$20 million in credit funding to support an estimated \$1.6 billion of direct loans and loan guarantees. OPIC's funding takes the form of budget authority from its own earnings. These earnings are also the basis for OPIC's contribution (in the form of net negative budget authority) to the International Affairs budget. For FY 2007, this contribution is estimated to be \$160 million.

In FY 2007, OPIC will focus its efforts on quality projects that are highly developmental, based on both sector and geographic location. Based on U.S. development and foreign policy priorities, OPIC will place special emphasis on small business, investments in Africa, the broader Middle East, including Iraq, Mexico and Central America Free Trade Agreement (CAFTA) countries, and continue to increase private sector cooperation and increase the availability of housing for the developing world.

In FY 2005 OPIC supported 99 new insurance and finance projects that are expected to provide significant benefits for U.S. exports, balance of payments, and employment. During the first five years of operation, the projects will support an estimated 3,549 U.S. jobs. American firms will supply a substantial portion of the initial procurement for OPIC's projects, resulting in U.S. exports of capital goods and services of approximately \$1.5 billion during the next five years.

OPIC's policy of making good corporate citizenship a key element of responsible risk management contributes to two other U.S. strategic goals: opening political systems and societies to democratic practices, the rule of law, good governance, and respect for human rights; and securing a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation. OPIC urges investors to adhere to recognized labor and environmental standards and anticorruption laws. Projects are encouraged to play a positive role in host communities by recruiting and training local citizens for professional and management positions, responding to local education and health needs, and maintaining transparency through community outreach. While each project has flexibility to address its corporate citizenship in the most appropriate manner, OPIC will continue to ensure that all projects it supports meet its core statutory requirements.

Since its founding in 1971, OPIC projects have generated more than \$70 billion in U.S. exports and supported jobs for more than 266,000 Americans. OPIC has accomplished its development mission by supporting approximately \$170 billion worth of investment in 3,400 projects that have helped created over 767,000 host country jobs.

## Trade and Development Agency

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
TDA	51,088	50,391	50,300

The Administration is requesting \$50.3 million for the U.S. Trade and Development Agency (USTDA) in FY 2007. This request maintains USTDA's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries.

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment, and sustainable economic development. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services. USTDA provides a bridge to U.S. technical know-how and experience for developing and middle-income countries. The focus of the agency is unique in creating public-private partnerships that respond to foreign project sponsor needs and priorities. USTDA's program helps to identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand. At the same time, the agency's activities develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas through a variety of trade capacity building and technical assistance programs.

The agency's FY 2007 budget request encompasses USTDA's assistance programs that support key trade and foreign policy objectives of the Administration, including: 1) reconstruction efforts and economic development in Iraq, Afghanistan and other areas of conflict; 2) assistance to the Middle East to enhance democracy-building efforts throughout the region; 3) assistance to implement international transportation safety and security standards; 4) capacity building activities in areas in which the United States has engaged in bilateral and multilateral trade negotiations, particularly countries party to the Central American-Dominican Republic Free Trade Agreement (CAFTA-DR); and 5) economic growth in Africa through activities that promote the development goals of the African Growth and Opportunity Act (AGOA).

USTDA has the proven capability to rapidly and effectively respond to new Administration priorities as they emerge. Already, USTDA has targeted significant resources toward the reconstruction efforts in Iraq and Afghanistan with much success. As a result of these early investments, USTDA is well positioned to continue to support the Administration's efforts to create sustainable democratic societies within these emerging states as well as throughout the Middle East. With major trade initiatives such as CAFTA-DR and numerous ongoing Free Trade Agreement negotiations moving forward, USTDA will assist countries that are the beneficiaries of these initiatives.

USTDA has taken several steps to ensure that its program remains results oriented and successfully delivers commercial foreign assistance by taking on an increasingly visible role in providing trade capacity-building assistance around the world.

# BILATERAL ECONOMIC ASSISTANCE

United States Agency for International Development  
Other Bilateral Economic Assistance  
Independent Agencies  
Department of State  
Department of the Treasury

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# UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Overview  
Child Survival and Health Programs Fund  
Child Survival and Health Programs Fund Detail  
Development Assistance  
Development Assistance Detail  
International Disaster and Famine Assistance  
Transition Initiatives  
Transition Initiatives Detail  
Development Credit Authority  
USAID Operating Expenses  
USAID Capital Investment Fund  
USAID Inspector General Operating Expenses

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## United States Agency for International Development

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
USAID	4,158,464	4,215,420	3,975,826
USAID-SUP	216,900	131,530	-

### Overview

Today more than ever, U.S. foreign policy toward the developing world plays a vital role in the global balance between conflict and peace. U.S. national security challenges are increasingly complex, and the role of development is recognized as pivotal. This is reflected in President Bush's National Security Strategy of the United States, issued on September 17, 2002, which for the first time elevated development as the third component of U.S. national security, alongside defense and diplomacy. More recently, the Secretary of State noted "that development was a two-way street, that it was important that the countries that were trying to govern wisely and democratically and do the best for their people be supported with the resources of the United States."

The U.S. Agency for International Development (USAID) is taking measures to increase the effectiveness of foreign assistance and improve its own efficiency. In 2004, USAID introduced a new strategic approach to the management of bilateral foreign aid with five core strategic goals. This submission reflects progress in codifying and implementing that strategic approach to the foreign aid that USAID manages. In this budget request, USAID proposes to continue improvements in management effectiveness. With significant ongoing investments in people and information systems, USAID will continue to build a foundation of sound management and organizational excellence.

In accordance with the President's Management Agenda emphasis on budget and performance integration, the Joint State-USAID Strategic Plan, and the core strategic goals laid out in USAID's aid effectiveness policy framework, the Agency has improved upon the corporate strategic budgeting approach developed in 2004 by continuing to apply a uniform methodology to its field programs to evaluate and compare country need and performance across regions.

The FY 2007 budget request reflects the President's recognition that development makes a vital contribution to enhancing U.S. national security. It acknowledges that foreign assistance supports several goals, including: promoting transformational development, stabilizing fragile states, supporting strategic states, responding to humanitarian needs, and addressing global issues and special concerns. State and USAID continue to focus on improving the effectiveness of foreign assistance. For example, the allocation of Development Assistance resources prioritizes those countries that are needy and good policy performers. These are the countries that can achieve results and move forward with the help of U.S. assistance resources. Development Assistance and Child Survival and Health funds are also used to encourage stability, security, reform and capacity development in fragile states.

The FY 2007 budget request is also based on USAID's effectiveness policy framework consisting of the following core strategic goals:

- promote transformational development to bring far-reaching, fundamental changes to institutions of governance, human capacity, and economic structure that help countries to sustain further economic and social progress without continued dependence on foreign aid;

- strengthen fragile states through stabilization, reform, and recovery programming in selected failing, failed, and recovering states;
- provide humanitarian relief to meet immediate human needs in countries afflicted by violent conflict, crisis, or natural disaster;
- support geo-strategic interests to achieve specific U.S. foreign policy goals in countries of high priority from a strategic standpoint; and
- address global issues and special concerns including HIV/AIDS, other infectious diseases, biodiversity, climate change, direct support for international trade agreements, and counternarcotics.

USAID's management priorities for FY 2007 are to rebuild human capacity to address critical workforce shortfalls in technical expertise, and continue to improve information technology systems for better program and organizational accountability.

#### Programmatic Priorities

The corporate approach to strategic budgeting, highlighted in the aid effectiveness policy, enables USAID to operationalize its goals of promoting transformational development, strengthening fragile states, supporting strategic states, providing humanitarian relief, and addressing global issues and special concerns in a more coherent way. This allows us to achieve maximum impact by effectively allocating U.S. development assistance resources, while maintaining progress in important sectoral areas. Sectoral priorities for the FY 2007 budget include combating malaria, avian flu, tuberculosis, HIV/AIDS and other infectious diseases; promoting democracy and good governance; and building trade capacity to bolster developing countries' economic growth.

The United States will maintain its strong support for countries on the front lines in the War on Terrorism, especially Afghanistan, Pakistan, and Sudan, as well as other front-line states in Asia, the Near East, and Africa. Funding for these countries is requested from the Development Assistance, Child Survival and Health, and Economic Support Funds accounts.

Development Assistance funding proposed for FY 2007 will reflect an emphasis on helping countries strengthen good governance, support economic freedoms, and invest in their people, including in countries that are part of the Millennium Challenge Account "threshold" program and are close to becoming eligible for Millennium Challenge Account assistance.

Addressing the sources of a country's fragility in order to lay the foundation for lasting long-term development is a key U.S. priority. USAID's Fragile States Strategy emphasizes programs to enhance stability, improve security, encourage reform, and support institutional capacity development, based on careful analysis of underlying sources of fragility. Programs to diminish fragility are particularly prevalent in sub-Saharan Africa but span the globe.

FY 2007 programs funded through the Child Survival and Health (CSH) account will focus on supporting the President's initiative to accelerate the fight against malaria, increasing attention to avian influenza – both for surveillance and improving developing countries' ability to cope with a major outbreak, and increasing treatment of tuberculosis, while continuing our support for other health priorities such as HIV/AIDS. Malaria efforts will focus on scaling up interventions to prevent and treat malaria infection in women and children. Work on HIV/AIDS, in coordination with the Global AIDS Coordinator, will provide technical and programmatic support to reduce HIV transmission and mitigate the impact of the HIV/AIDS pandemic.

The United States will continue its leadership role in promoting democracy and good governance in the developing world. USAID-managed programs will encourage responsible participation by all citizens in the political processes of their countries, assist countries in improving governance, prevent and mitigate conflict, and help strengthen non-governmental organizations and civil society.

USAID-managed programs will also focus on growing countries' economies through trade opportunities and expanding local job opportunities to reduce youth unemployment and susceptibility to criminal and terrorist recruitment. Specific trade initiatives include helping with implementation of the Central American Free Trade Agreement, with the development and implementation of the Andean Free Trade Agreement and other bilateral trade pacts, and with the implementation of anticipated agreements reached under the Doha Development Round of global trade negotiations. Efforts will also increase to expand youth employment and thereby diminish susceptibility to criminal and terrorist recruitment in sub-Saharan Africa, the Near East and Asia and Latin America.

### Management Priorities

USAID plays a critical role in successfully implementing the U.S. national security strategy, and sufficient USAID Operating Expenses (OE) and Capital Investment Fund (CIF) resources are vital as the United States strives to address foreign policy and development challenges in increasingly complex settings.

The demand to meet complex foreign policy and international development challenges requires a USAID with sufficient human and physical capacity to oversee development programs and provide accountability. The FY 2007 request will allow USAID to continue its efforts to increase the workforce and improve management to strengthen programs and support systems, as it faces the challenges of high retirement rates among our most experienced officers, significant costs to improve information systems, and increases in the strategic importance and funding of key countries and programs.

Particular emphasis will be placed on hiring additional U.S. direct-hire staff to address critical deficiencies in technical areas and to establish a reconstruction and stabilization reserve. The new hiring will strengthen USAID's technical capacity in the areas of health, economic growth and trade, education, and crisis, stabilization and governance and enhance our capacity to support large stabilization and reconstruction programs following conflict and disaster.

At the same time, USAID is exploring a number of options for using these resources more effectively. We continue to work with the State Department on rightsizing our overseas staff, consolidating administrative functions where it makes sense, and regionalizing other USAID functions that can be regionalized without compromising our ability to implement programs effectively and efficiently.

USAID has made significant progress on and remains steadfast in its support of the President's Management Agenda (PMA), including a "Green" in both Current Status and Progress for the Budget and Performance Integration initiative. USAID is embracing the PMA disciplines as regular management practices for focusing on program results and costs. Accomplishments to date on all five PMA initiatives are detailed in the "Management Landscape" section of the FY 2007 Joint State-USAID Performance Plan.

## Child Survival and Health Programs Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	1,562,400	1,569,150	1,433,000
CSH-SUP	-	75,200	-

Investing in the health of the developing world contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security. The robustness of the global public health system directly affects public health in the United States because infectious diseases know no borders. Expansion of basic health services and strengthening national health systems are key investments that significantly improve people's health, especially that of women, children, and other vulnerable populations. These investments may contribute to transformational development and the stabilization of fragile states.

A major focus for the use of these funds is the President's Malaria Initiative which will accelerate the fight against malaria, a major killer of children in sub-Saharan Africa. As HIV/AIDS, malaria, and other infectious disease continue to threaten the health of families and children in the developing countries worldwide, CSH-funded programs work to eliminate these threats. USAID-managed programs will continue to focus on scaling-up proven interventions that respond effectively and efficiently to the largest public health challenges and developing key life-saving technologies for the future. Programs will continue to emphasize quality assurance in health care delivery, cutting waste and inefficiency, strengthening strategic planning and management systems, and developing host-country capacities.

The CSH request for USAID health programs is \$1.433 billion and is focused on the following areas:

- USAID's HIV/AIDS programs (\$325 million) are integrated within the overall policy and strategic direction of the President's Emergency Plan for AIDS Relief (PEPFAR). PEPFAR focuses on 15 African, Caribbean and Asian countries and is managed by the Global AIDS Coordinator. All funding for the focus countries will be requested within the Global HIV/AIDS Initiative account, although USAID plays a significant role in implementing them. CSH-funded HIV/AIDS programs in non-focus countries will center on prevention, care, and treatment efforts, and the support of children affected by AIDS, including expanding treatment programs for those who have not previously had access to such life-extending interventions.
- Funding is also included for a \$100 million contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria.
- Other Infectious Diseases programs (\$382 million) will focus on the prevention and control of malaria, tuberculosis, avian influenza, and programs to combat anti-microbial resistance and disease surveillance. The President's Malaria Initiative will scale up from three to seven countries. The goal of this initiative is to reduce malaria deaths by 50 percent in each of the target countries after three full years of full implementation. USAID uses a comprehensive strategy that combines prevention and treatment approaches, including interventions to reduce malaria among pregnant women. These approaches are effective in reducing sickness and death from this disease especially in Africa. Country level expansion and strengthening of the Directly Observed Treatment Short-course (DOTS) Strategy will continue to be the focal point of USAID's tuberculosis program. In addition, USAID will increase and strengthen the availability of human resources to support DOTS implementation, continue contributing to partnerships to address the challenges of multi-drug resistant TB and TB/HIV co-infection, and engage the private sector in DOTS. Avian influenza programs will focus on continuing communications campaigns to increase awareness of risks and appropriate behaviors to reduce

transmission among human and animals, surveillance and diagnosis, response capacity, and planning and preparedness so that countries have plans for effective responses to animal and/or human outbreaks.

- Child Survival and Maternal Health programs (\$323 million) help reduce the number of deaths in children under the age of five and save the lives of women in childbirth. About 7 million of the nearly 11 million annual child deaths could be prevented simply by extending coverage of proven investments, which have always been at the core of USAID's child survival program. These interventions include such things as immunization, pneumonia and diarrhea prevention and treatment, oral rehydration, polio eradication, micronutrient deficiencies, safe birthing and antenatal care, nutrition, breastfeeding, and the USG contribution to the Vaccine Fund. USAID is also working to revitalize nutrition efforts, including food fortification and food security, to make them fundamental components of all child survival and maternal health programs.
- Vulnerable Children programs (\$9 million) will continue to support the Displaced Children and Orphans Fund (DCOF) which strengthens the capacity of families and communities to provide care, support, and protection for orphans, street children, and war-affected children.

Family Planning and Reproductive Health programs (\$294 million) will help expand access to information and services regarding family planning practices. Such access will reduce unintended pregnancies, improve infant and child health, reduce their mortality rates, decrease maternal deaths associated with childbirth, and reduce abortion. These programs are integrated with programs that protect human health.

**Child Survival and Health Programs Fund**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Angola	7,111	14,623	13,374
Benin	7,450	7,903	8,403
Burundi	3,093	2,669	3,080
Democratic Republic of Congo	25,415	23,960	23,170
Eritrea	14	-	-
Ethiopia	20,090	31,570	28,813
Ghana	18,920	18,157	18,543
Guinea	7,050	6,748	5,471
Kenya	14,600	16,840	14,611
Liberia	3,971	3,164	3,001
Madagascar	13,315	11,526	11,479
Malawi	21,425	21,125	21,060
Mali	16,705	16,529	15,893
Mozambique	13,430	17,361	15,929
Namibia	796	1,168	1,180
Nigeria	28,250	21,544	19,677
Rwanda	7,100	7,163	7,729
Senegal	14,775	14,001	14,183
Sierra Leone	100	297	300
Somalia	100	-	-
South Africa	5,328	5,070	5,130
Tanzania	15,110	21,754	20,662
Uganda	15,160	19,948	18,512
Zambia	13,655	16,083	14,402
Zimbabwe	11,100	10,973	10,822
Africa Regional	29,598	28,891	129,875
REDSO/ESA	12,900	9,898	9,510
Regional Center for Southern Africa	7,486	7,401	7,411
Sudan	16,500	19,000	20,400
West Africa Regional	19,737	16,570	15,890
<b>Subtotal - Africa</b>	<b>370,284</b>	<b>391,936</b>	<b>478,510</b>
<b>East Asia and the Pacific</b>			
Cambodia	29,300	28,556	27,378
Indonesia	37,100	28,017	27,507
Philippines	27,050	22,671	21,072
Vietnam	1,200	-	-
Regional Development Mission / Asia	18,511	18,941	20,007
<b>Subtotal - East Asia and the Pacific</b>	<b>113,161</b>	<b>98,185</b>	<b>95,964</b>

**Child Survival and Health Programs Fund**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Europe and Eurasia</b>			
Azerbaijan	500	-	-
Central and Eastern Europe Regional	250	-	-
Georgia	2,000	-	-
Romania	2,000	-	-
Russia	6,450	2,970	2,970
Ukraine	4,663	2,176	2,176
<b>Subtotal - Europe and Eurasia</b>	<b>15,863</b>	<b>5,146</b>	<b>5,146</b>
<b>International Organizations</b>			
International Organizations/Partnerships	402,443	440,242	271,548
<b>Subtotal - International Organizations</b>	<b>402,443</b>	<b>440,242</b>	<b>271,548</b>
<b>South and Central Asia</b>			
Afghanistan	38,000	41,449	42,800
Bangladesh	33,412	26,384	25,884
Central Asian Republics	1,000	1,238	1,238
India	53,222	47,690	48,366
Nepal	25,165	18,613	17,985
Pakistan	21,000	32,172	21,700
Sri Lanka	300	-	-
<b>Subtotal - South and Central Asia</b>	<b>172,099</b>	<b>167,546</b>	<b>157,973</b>
<b>Western Hemisphere</b>			
Bolivia	16,495	16,479	14,689
Brazil	8,710	3,069	5,985
Dominican Republic	13,099	12,721	11,338
Ecuador	-	-	2,000
El Salvador	7,555	8,144	7,348
Guatemala	11,311	12,040	10,838
Haiti	19,969	19,801	15,812
Honduras	13,192	13,140	12,170
Jamaica	4,542	4,472	2,810
Mexico	3,234	3,990	3,720
Nicaragua	7,703	7,699	6,661
Paraguay	1,980	2,884	2,106
Peru	14,756	14,213	12,736
Caribbean Regional	4,695	6,435	5,640
Central American Regional	5,901	6,039	5,700
LAC Regional	11,478	9,735	8,480
<b>Subtotal - Western Hemisphere</b>	<b>144,620</b>	<b>140,861</b>	<b>128,033</b>

**Child Survival and Health Programs Fund**  
(\$ in thousands)

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Request</b>
<b>Global</b>			
Asia-Near East Regional	4,458	9,501	3,287
Democracy, Conflict & Humanitarian Assistance	6,075	2,970	3,000
Global Health	324,105	298,112	288,153
Other Programs	6,015	12,077	-
Other Programs SUP	-	75,200	-
Program & Policy Coordination	3,277	2,574	1,386
<b>Subtotal - Global</b>	<b>343,930</b>	<b>400,434</b>	<b>295,826</b>
<b>Total</b>	<b>1,562,400</b>	<b>1,644,350</b>	<b>1,433,000</b>



## Development Assistance

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	1,448,320	1,508,760	1,282,000

The Development Assistance (DA) request reflects the President's commitment to promote economic freedom, support efforts to govern justly, and invest in people through education in transformational development countries -- needy countries with good economic and social policy performance. There are measurable goals and concrete benchmarks for achieving these objectives in each country. This request will make important contributions to: 1) economic freedom, by increasing trade capacity, improving agricultural productivity and natural resource management, and improving the business environment; 2) democratic governance, by supporting reforms that help ensure free and fair elections, a free media, human rights, and the adoption of anti-corruption measures, and 3) investment in people by promoting access to quality education. The Administration's FY 2007 DA request of \$1.282 billion includes funding principally for transformational development countries, as well as support for these objectives in fragile and strategic states to enhance stability, improve security, encourage reform and develop key institutional capacities fundamental to lasting recovery. Funding is also requested for global issues and special concerns such as information technology, environmental protection and biodiversity.

DA funds will be used to support transformational development and fragile and strategic states in the following areas:

- Agriculture and natural resources management programs strengthen agricultural productivity in developing countries, especially in South Asia and sub-Saharan Africa under the President's Initiative to End Hunger in Africa (\$47 million), and will encourage public and private development partners to do the same. Programs will mobilize science and technology to reduce poverty and hunger; develop global and local trade opportunities for farmers and rural industries; increase technical knowledge at the local level; and promote sustainable agriculture and sound environmental management.
- Economic growth programs increase trade and investment, by strengthening private markets, providing access to economic opportunity for the rural and urban poor, and supporting micro-finance and microenterprise development, watershed management, access to clean energy, and environmentally sound urbanization. This request promotes stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade and investment. Specific Presidential Initiatives include the Central America Free Trade Agreement (CAFTA) (\$20 million), the Africa Global Competitiveness Initiative (AGCI) (\$30 million), formerly called the Trade for African Development (TRADE) Initiative, and the Digital Freedom Initiative.
- Democratic governance programs support fair and free elections, encourage open and competitive political processes, promote the rule of law and respect for human rights, develop politically active civil societies, promote more transparent and accountable government institutions, including local government support and anti-corruption efforts, combat trafficking in persons and manage conflict. Democratic governments are more likely to observe international laws, stand firm with the United States in the War on Terrorism, and pursue policies to reduce poverty, hunger, and suffering.
- Education programs include funding basic education activities that strengthen pre-primary, primary and secondary education, and teacher training. These investments in people are focused primarily in Africa, Asia and Latin America through three Presidential initiatives, the enhanced Africa Education Initiative (\$100 million) announced at the 2005 G-8 Summit, Indonesia Education Initiative (\$15 million) and

the Centers for Excellence in Teacher Training (\$6 million). Education programs also include targeted work in South Asia and the Near East, which strongly emphasize the need to ensure equitable access for girls. DA will also fund programs for higher education that strengthen partnerships with the U.S. higher education community, and workforce training. Education is an important long-term investment in sustaining democracies, improving health, increasing per capita income and conserving the environment.

- In fragile states, DA funding will support solutions to conflict and state failure, help overcome short-term obstacles to peace, and provide technical assistance to address underlying causes of conflict that may jeopardize a country's long-term development goals. USAID's work in the areas of democracy and governance, as well as economic growth, will complement the conflict prevention and mitigation programming in that the legitimacy and effectiveness of political, economic, and social institutions are a critical factor in determining whether conflict will emerge.

The FY 2007 DA request also supports global issues and special concerns that invest in access to clean water and sanitation, renewable and clean energy, and conservation of biological diversity. USAID manages five Presidential Initiatives that are key components of sustainable economic growth. The Water for the Poor Initiative will improve sustainable management of water resources and accelerate international efforts to halve by 2015 the proportion of people who are unable to receive or afford safe drinking water. The Congo Basin Forest Partnership Initiative promotes economic development, poverty alleviation, improved governance and natural resource management. The Clean Energy Initiative provides access to affordable, reliable, clean and efficient energy. The Global Climate Change Initiatives promotes economic growth that minimizes the increase in greenhouse gas emissions, helping to reduce the planet's vulnerability to climate change. The Initiative Against Illegal Logging is the most comprehensive strategy yet undertaken by any nation, reinforcing U.S. leadership in protecting the world's environment by stemming the flow of illegally-logged timber in markets. This initiative focuses on three critical regions – 1) the Congo Basin, 2) the Amazon Basin and Central America, and 3) South and Southeast Asia.

**Development Assistance**  
(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
<b>Africa</b>			
Angola	4,990	4,468	7,544
Benin	6,972	4,378	400
Burundi	2,118	2,917	3,943
Democratic Republic of Congo	16,812	10,670	11,088
Eritrea	14	-	-
Ethiopia	32,616	28,910	22,810
Ghana	18,173	25,834	15,451
Guinea	8,132	7,855	4,529
Kenya	15,782	17,792	21,002
Liberia	6,854	23,926	29,499
Madagascar	9,424	9,966	8,129
Malawi	17,523	10,352	8,716
Mali	20,669	14,581	16,932
Mozambique	17,435	12,307	13,403
Namibia	6,602	6,179	5,275
Nigeria	14,808	14,000	21,204
Rwanda	5,680	5,852	3,943
Senegal	12,995	19,554	13,246
Sierra Leone	4,600	3,756	3,820
Somalia	5,000	2,045	2,571
South Africa	25,710	24,362	19,279
Tanzania	8,755	9,167	9,260
Uganda	27,967	21,614	23,845
Zambia	15,212	26,622	16,336
Zimbabwe	2,460	1,376	1,400
Africa Regional	65,356	127,007	125,352
Central Africa Regional	15,000	15,000	15,000
REDSO/ESA	21,524	17,979	17,111
Regional Center for Southern Africa	15,315	15,022	15,990
Sudan	70,000	70,000	70,000
West Africa Regional	23,009	35,026	36,379
<b>Subtotal - Africa</b>	<b>517,507</b>	<b>588,517</b>	<b>563,457</b>
<b>East Asia and the Pacific</b>			
Cambodia	8,950	5,487	6,597
China	-	4,950	5,000
East Timor	500	-	-
Indonesia	27,848	33,212	26,724
Philippines	27,576	25,522	19,603
Vietnam	4,750	2,818	2,440

**Development Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Regional Development Mission / Asia	10,400	13,628	12,000
<b>Subtotal - East Asia and the Pacific</b>	<b>80,024</b>	<b>85,617</b>	<b>72,364</b>
<b>Near East</b>			
Lebanon	500	-	-
Morocco	6,000	8,217	5,400
<b>Subtotal - Near East</b>	<b>6,500</b>	<b>8,217</b>	<b>5,400</b>
<b>South and Central Asia</b>			
Afghanistan	164,000	148,500	150,000
Bangladesh	16,535	10,859	8,400
India	24,856	10,892	10,004
Nepal	10,000	7,895	7,051
Pakistan	29,000	40,590	29,000
Sri Lanka	6,774	3,465	3,500
<b>Subtotal - South and Central Asia</b>	<b>251,165</b>	<b>222,201</b>	<b>207,955</b>
<b>Western Hemisphere</b>			
Bolivia	8,186	10,091	10,000
Brazil	3,479	8,007	8,000
Cuba	-	1,980	-
Dominican Republic	7,372	7,065	6,009
Ecuador	6,609	6,578	5,644
El Salvador	26,675	22,511	7,557
Guatemala	10,824	9,699	7,515
Guyana	3,572	3,960	4,000
Haiti	24,281	29,700	23,143
Honduras	20,856	18,824	13,290
Jamaica	12,219	9,579	7,391
Mexico	15,055	14,084	9,282
Nicaragua	26,058	20,843	12,996
Panama	5,125	4,335	3,180
Paraguay	3,748	4,385	4,130
Peru	11,246	9,435	9,000
Amazon Environmental Initiative	16,000	-	-
Caribbean Regional	6,214	4,891	6,000
Central American Regional	11,236	5,876	13,000
LAC Regional	26,667	61,082	29,715
South America Regional	1,817	1,485	2,000
<b>Subtotal - Western Hemisphere</b>	<b>247,239</b>	<b>254,410</b>	<b>181,852</b>

**Development Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Global</b>			
Asia-Near East Regional	28,744	18,186	23,540
Democracy, Conflict & Humanitarian Assistance	103,070	110,050	69,797
Economic Growth, Agriculture and Trade	185,028	160,369	139,024
Global Development Alliance	10,000	11,880	10,000
Legislative and Public Affairs	2,179	1,798	1,816
Other Programs	7,660	40,622	-
Program & Policy Coordination	9,204	6,893	6,795
<b>Subtotal - Global</b>	<b>345,885</b>	<b>349,798</b>	<b>250,972</b>
<b>Total</b>	<b>1,448,320</b>	<b>1,508,760</b>	<b>1,282,000</b>

## International Disaster and Famine Assistance

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IDFA	384,896	361,350	348,800
IDFA-SUP	190,000	56,330	-

The International Disaster and Famine Assistance (IDFA) account funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters, and funds famine prevention and relief activities.

IDFA program objectives are to: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of disaster prevention and mitigation measures in countries at risk of natural and man-made disasters; (3) reduce the economic impact of disasters on individual livelihoods by supporting and enhancing local capacities and coping mechanisms; and (4) support early intervention to either pre-empt famine or mitigate the impact. The FY 2007 request is \$348.8 million.

To accomplish these objectives, USAID has a well-established management structure and is staffed with disaster relief experts who draw on public and private sector resources to respond within hours following a disaster declaration. USAID deploys assessment teams to identify needs and disaster assistance response teams to coordinate emergency responses and facilitate information flows. USAID also provides search and rescue teams, ground operations teams, medical assistance, shelter, potable water, sanitation assistance, and emergency and therapeutic feeding.

In FY 2005, USAID responded to 84 disasters in 76 countries, 68 of which were natural disasters and 16 complex emergencies. Civilians continue to suffer the horrifying consequences of conflict and natural disasters and look to the international community for life-saving and life-sustaining support.

Increasing emphasis is being placed on applying preparedness and mitigation lessons learned to deal with complex emergencies. While it is not possible to predict which countries will need humanitarian assistance in the future, a country such as Sudan will continue to be a cause for concern.

The FY 2007 request includes approximately \$163 million for programs to assist Sudan. This includes supporting continued humanitarian assistance for the Darfur region of Sudan and for southern Sudan. The signing of the comprehensive peace agreement on January 9, 2005, has ended the 22-year civil war in southern Sudan and in the transition zone where the North meets the South. These war-devastated areas are now more stable and accessible, providing an opportunity to extend essential services to these long-neglected regions. Equity in access to resources has been a major cause of the civil war. These IDFA resources will not only provide essential services, but also support the fragile new peace agreement. FY 2007 IDFA funds will be used to avert and resolve conflict as well as to promote stability, recovery and democratic reform. FY 2007 funds will allow a flexible response to the evolving needs of the transition process and will complement USAID's programs in infrastructure, education and capacity building, governance and food security.

USAID has the interagency lead on international disasters and works closely mainly with the Departments of State and Defense to coordinate American relief efforts. In many disaster situations, 24-hour coverage is provided to ensure a speedy and appropriate response and the transmission of accurate information between the disaster site and participating USG agencies. Satellite communication equipment augments USAID's ability to target emergency assistance accurately and to coordinate with USG agencies; U.S., third country and host country non-governmental organizations (NGOs); and other donors.

Effective humanitarian assistance requires that relief, mitigation, transition, and development programs within USAID support each other. USAID collaborates with other assistance providers in the international community to coordinate programs and share the burden of relief costs. NGOs are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

The FY 2007 request includes \$20 million for famine prevention and relief and is intended for contingency needs and to support early intervention to either pre-empt famine or mitigate its effects.

## Transition Initiatives

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
TI	48,608	39,600	50,000

The Transition Initiatives (TI) account provides limited, short-term support to advance local partner efforts to stabilize conditions in a particular country as it moves from crisis to development. Such stabilization efforts lay the groundwork for more systematic development investments in a country, and may play a key role in avoiding large expenditures for military and humanitarian interventions in both pre- and post-conflict scenarios. Traditional forms of humanitarian aid and development assistance are not well suited to these periods of transition. This account provides a mechanism that retains the responsiveness and flexibility of humanitarian aid, but with a focus on addressing the causes of fragility, advancing democratic governance, and managing conflict within highly charged and highly fluid transition environments.

On average, the Office of Transition Initiatives (OTI) has started three new country programs per year in the last five years. Country program startups are determined based on U.S. interagency input, and startups are rapid – with an average of 6-8 weeks elapsing between decision and in-country startup. In FY 2006, OTI plans to hand over five of its ten country programs to USAID Missions, transferring programs in Burundi, DRC, Liberia in the second quarter of FY 2006, and programs in Iraq and Bolivia in the third quarter.

The FY 2007 request will continue to support programs administered by OTI that provide short-term assistance targeted at key transition needs. While predicting crisis and opportunity is inherently problematic, OTI anticipates operating in eight to ten countries in FY 2007, including Haiti, Sri Lanka, Sudan, and Venezuela. OTI is actively engaged with the Department of State, National Security Council, and other USAID offices in monitoring and preparing to respond to countries that are top priorities for U.S. foreign policy interests. OTI will revise its goals, objectives and/or FY 2007 funded activities whenever needed to address rapidly changing conditions and U.S. foreign policy priorities. Consistent with OTI's efforts to implement flexible, effective and short-term programs, some FY 2007 funding is expected to support programs in countries that have not yet been identified.



## Development Credit Authority

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
USAID DCA	7,936	7,920	8,400
DCA Subsidy Appr	-	-	5,000

The Development Credit Authority (DCA) allows USAID to use credit as a flexible development tool to promote broad-based economic growth in developing and transitional economies. It is often the best means to leverage private funds for development purposes.

The use of DCA guarantees by USAID missions has grown substantially in recent years, with over 144 projects across 39 countries. DCA projects forge new economic relations among banks and local investors with entrepreneurs, small and medium-size businesses, microfinance institutions and municipalities. Not only are DCA guarantees often the best means to leverage local private funds for development purposes, but they can also establish the foundation for relationships that will continue the flow of credit to underserved sectors long after DCA's involvement has ended.

In FY 2005, DCA guarantees were targeted to critical areas in the developing world. They mobilized lending to micro and small enterprises damaged by the tsunami in Indonesia, as well as supporting small and medium-size enterprise lending in the West Bank and Gaza. In Serbia, DCA was used to channel \$10 million in loan capital to municipal lending. DCA also proved useful in promoting agribusiness lending in Ethiopia, Kenya, Moldova, Rwanda, Tanzania and Uganda.

In FY 2006, USAID will use DCA to continue to promote the flow of credit to microfinance institutions, small and medium enterprises, agribusinesses, energy-efficiency projects and municipalities in USAID assisted countries. In addition, DCA will support innovative financing of water and sanitation facilities in developing countries under the Presidential Water Initiative.

For FY 2007, the Administration is requesting \$21 million in transfer authority from USAID managed program accounts to provide loan guarantees in every region and in every economic sector targeted by USAID.

In addition, the Administration is requesting \$5 million in appropriated funds for the Africa Housing and Infrastructure Facility (AHIF). This innovative credit facility will build on USAID's experience with DCA and will support subsidy costs of partial guarantees for private sector financing of water, infrastructure and housing projects in Africa. The AHIF will enhance the effectiveness of USAID's response to Presidential Initiatives such as Water for the Poor, and will focus primarily on small and middle market housing and infrastructure projects. Of the \$5 million in direct appropriation, up to \$2 million may be used for project development expenses for this facility.

In accordance with the Federal Credit Reform Act of 1990, the \$8.4 million appropriation request for credit administrative expenses reflects the total cost of development, implementation, and financial management of all USAID credit programs.

**USAID Operating Expenses**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
USAID	613,056	623,700	678,826
USAID-SUP	24,400	-	-

For FY 2007, the Administration is requesting \$678.826 million for USAID Operating Expenses (OE) to fund the administrative costs of managing \$8 billion in program funds. The USAID OE budget covers the costs of salaries and benefits, overseas and Washington operations, and central support, which includes human capital initiatives, security, and information technology. The request includes funding to support management priorities to rebuild human capacity, enhance security and physical infrastructure, and improve information technology systems.

USAID needs to rebuild its human capacity to fulfill U.S. national security priorities and development objectives. The FY 2007 request includes funding to hire additional U.S. direct-hire (USDH) staff to address critical deficiencies in the technical areas and establish a reconstruction and stabilization reserve. This hiring will strengthen our depleted technical ranks in the areas of health; economic growth and trade; education; and crisis, stabilization and governance and enhance our capacity to support large stabilization and reconstruction programs following conflict and disaster. The requested funding also supports the first step of transition to a performance-based pay system and global rate of pay for Foreign Service personnel grade FS-01 and below.

To protect USAID employees and facilities against global terrorism and national security information against espionage, OE funds will also be used to increase physical security measures, such as building upgrades, emergency communications systems, and armored vehicles; personnel security, such as background investigations and security clearances; and information security.

To address significant management challenges, OE funds will also be needed to improve USAID information technology (IT) systems and support State-USAID joint goals for IT management and IT systems security objectives of E-Government under the President's Management Agenda. Joint procurement and financial management systems will serve both agencies' needs and improve program accountability through better integration of budget and performance.

## USAID Capital Investment Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
USAID CIF	58,528	69,300	131,800

For FY 2007, the Administration is requesting \$131.8 million in no-year funding for the Capital Investment Fund (CIF) to provide USAID with greater flexibility to manage investments in information technology and facility construction. CIF provides funding for the capital investment portion of both information technology and facility construction while the Operating Expense account funds the non-capital investment portion, which includes the annual operating and maintenance costs of information systems and facilities infrastructure.

The Facility Construction component (\$102.5 million) will fund the third year of the Agency's contribution to the Capital Security Cost Sharing Program to support the construction of USAID facilities on new embassy compounds and the relocation of USAID/Guatemala to a secure interim office building. The Secure Construction and Counterterrorism Act of 1999 requires USAID to co-locate on new embassy compounds. These funds will support USAID's ability to locate staff in secure work environments.

The Information Technology component (\$29.3 million) will fund the continued implementation of worldwide accounting and procurement systems, full participation in E-Government initiatives, infrastructure collaboration and consolidation between the Department of State and USAID, enterprise architecture, and an executive information system. These investments support Presidential Management Agenda initiatives, Agency transformation goals, and the efficiency of overseas staff.

**USAID Inspector General Operating Expenses**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
USAID OIG	34,720	35,640	38,000
USAID OIG-SUP	2,500	-	-

The FY 2007 request for the USAID Office of the Inspector General (OIG) covers operating expenses, including salaries, and support costs of OIG personnel.

The goals of the OIG are to:

- Assist USAID to implement its strategies for sustainable development and provide USAID managers with information and recommendations that improve program and operational performance.
- Work with USAID to protect and maintain the integrity of the Agency and its programs and operations by investigating allegations of federal criminal violations and serious administrative violations involving USAID programs and personnel.

The request includes \$2.5 million for FY 2007 audit and investigation activities in Iraq.

# OTHER BILATERAL ECONOMIC ASSISTANCE

Economic Support Fund  
Assistance for Eastern Europe and the Baltic States  
Assistance for the Independent States of the Former Soviet Union

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## Economic Support Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	2,480,992	2,621,025	3,214,470
ESF-SUP	1,433,600	-	-

The Economic Support Fund (ESF) promotes the economic and political foreign policy interests of the United States by providing assistance to allies and countries in transition to democracy, supporting the Middle East peace negotiations, and financing economic stabilization programs, frequently in a multi-donor context. The U.S. Agency for International Development (USAID), with overall foreign policy guidance from the Department of State, implements most ESF-funded programs. ESF advances U.S. foreign policy interests by:

- Increasing the role of the private sector in the economy, reducing government controls over markets, enhancing job creation, and improving economic growth.
- Assisting in the development of effective, accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority.
- Developing and strengthening institutions necessary for sustainable democracy through support for the transformation of the public sector, including assistance and training to improve public administration, promote decentralization, and strengthen local governments, parliaments, independent media, and non-governmental organizations.
- Assisting in the transition to transparent and accountable governance and the empowerment of citizens, working through civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, as well as respect for human rights and fundamental freedoms.
- Strengthening capacity to manage the human dimension of the transition to democracy and a market economy and to help sustain the neediest sectors of the population during the transition period.

ESF addresses a full range of problems through an integrated strategy, including economic support measures designed to create employment and conditions conducive to international investment and trade, and through support for programs that nurture democratic institutions and a vibrant civil society. In other parts of the world, economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, budgetary support may create leverage to bring about the adoption of more rational economic and fiscal policies required to sustain economic growth. However, in the short term, measures to create more rational and efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security of key friends and allies. By promoting economic growth, good governance, and strong democratic institutions, ESF aims to eradicate the economic and political disparity that often underlies social tension and can lead to radical, violent reactions against government institutions. To this end, economic assistance programs assist in mitigating the root causes of terrorism.

For FY 2007, a total of \$3.214 billion is requested to support the economic and foreign policy interests of the United States as follows:

- Africa -- \$164.3 million is requested for programs in sub-Saharan Africa. These funds will assist countries to recover from conflict and bring about enduring peace; advance the development of democracy, including support for human rights and rule of law; promote economic stability, sustainable development, and U.S. investment opportunities in Africa; and combat terrorism and other forces that undermine prosperity and stability in the region.
- East Asia and the Pacific -- \$167.3 million is requested to continue key bilateral and regional programs that support democracy and good governance, improve and expand education access, stimulate economic growth and development, strengthen civil society and women's empowerment, and bolster local security and counter-terrorism initiatives. Regional programs will foster cooperative solutions to transnational problems, enhance U.S. influence in regional institutions, and underscore broad U.S. engagement in the region.
- Europe and Eurasia -- \$19.5 million is requested for programs that promote peace and reconciliation and contribute to the stability of the region.
- Near East -- \$1.64 billion is requested to support regional stability in the Middle East, encourage development, and encourage a comprehensive peace between Israel and its neighbors; to promote political, economic, and educational reform throughout the region; and to combat the roots of terrorism by targeting the economic despair and lack of opportunity that are exploited by extremists.
- South Asia: \$982.5 million is requested to help stabilize this critical region through economic reconstruction and development, earthquake reconstruction, demobilization, democracy building, education, training, and public diplomacy programs.
- Western Hemisphere -- \$152.1 million to promote the Administration's objectives in the Western Hemisphere to bolster security, strengthen democratic institutions, promote prosperity, and invest in people. This request is based on a larger hemispheric commitment, defined through the Summit of the Americas process. Our Summit commitment is to democracy, free markets, economic integration, and a common policy agenda with the aim of providing the benefits of democracy to the peoples of the hemisphere. The programmatic focus will continue to be democracy (including anti-corruption), trade-led economic growth, and the fight against organized crime and terrorism.
- Global -- A total of \$88.5 million is requested to promote democracy and universal human rights; to promote environmental stewardship and advance U.S. interests in this area; to bring together individuals of different ethnic, religious, and political backgrounds from areas of civil conflict and war; and to prevent the trafficking in persons and protect the victims of trafficking.

Further detailed justification for the proposed programs can be found in the respective regional program sections.

### **Program Assessment Rating Tool (PART)/Performance Evaluation**

For preparation of the FY 2007 budget, the Administration evaluated the Department's Economic Support Funds in the Africa Region using the Program Assessment Rating Tool (PART). The program was rated as Adequate. ESF funds in Africa are used primarily to promote democracy and encourage economic growth, but are flexible enough to be used to respond to emergent crises and shifting priorities in the region.



The PART has been of assistance with program budgeting, which is now better informed by performance measurement tools. It has also resulted in a stronger focus on setting ambitious, yet useful, performance targets that help better define results.

Key long-term indicators: (1) Efficiency Measure: the ratio of administrative costs to program funding. (2) Freedom House country ratings, an annual assessment that rates countries on freedom as related to political rights and civil liberties. (3) World Economic Forum Growth Competitiveness Index (GCI). Measures changes in the capacity of national economies to achieve sustained economic growth over the medium term, controlling for current levels of development. (4) Transparency International's Corruptions Perceptions Index. Tracks perceptions of corruption in the region, which can be affected by increasing awareness of the problem vs. an actual increase or decrease in the incidence of corruption. (5) Ranking for Sub-Saharan Africa on the World Bank Institutes's Voice and Accountability Index. Rates countries on the ability of institutions to protect civil liberties, the extent to which citizens are able to participate in the selection of governments, and the independence of the media.

**Economic Support Fund**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Angola	2,726	2,970	2,500
Burundi	3,224	3,811	2,500
Democratic Republic of Congo	4,960	4,950	5,000
Djibouti	1,984	4,950	3,500
Ethiopia	3,960	3,960	4,000
Kenya	7,678	7,920	6,755
Liberia	24,800	42,719	40,000
Nigeria	4,960	4,950	5,000
Sierra Leone	5,952	5,940	2,500
South Africa	992	1,287	1,300
Zimbabwe	1,984	2,970	3,000
Africa Regional	11,520	8,613	8,000
African Union (AU)	-	-	3,000
Kimberley Process	1,736	2,475	-
NED Democracy Programs	3,472	-	-
Regional Organizations	900	990	1,000
Safe Skies	3,472	2,970	3,000
Sudan	19,840	19,800	60,000
Sudan SUP	22,000	-	-
Trans-Sahara Counter-terrorism Initiative (TSCTI)	-	-	6,000
Women's Justice Empowerment Initiative	-	-	7,250
<b>Subtotal - Africa</b>	<b>126,160</b>	<b>121,275</b>	<b>164,305</b>
<b>East Asia and the Pacific</b>			
Burma	7,936	10,890	7,000
Cambodia	16,864	14,850	13,500
East Timor	21,824	18,810	13,500
Indonesia	68,480	69,300	80,000
Laos	-	-	500
Mongolia	9,920	7,425	7,500
Philippines	30,720	19,800	20,000
Thailand	992	990	-
Vietnam	-	1,980	1,000
ASEAN	744	3,366	3,400
Developing Asian Institutions Fund	-	1,485	2,000
Environmental Programs	1,736	990	-
NED Democracy Programs	3,968	-	-
Pacific Islands	-	99	100
Regional Security Fund	248	-	-
Regional Women's Issues	992	990	800
South Pacific Fisheries	17,856	17,820	18,000

## Economic Support Fund

(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
Tibet	4,216	3,960	-
<b>Subtotal - East Asia and the Pacific</b>	<b>186,496</b>	<b>172,755</b>	<b>167,300</b>
<b>Europe and Eurasia</b>			
Cyprus	13,392	15,840	15,000
International Fund for Ireland	18,352	13,365	-
Irish Visa Program	3,472	3,465	3,500
OSCE Regional	-	-	1,000
<b>Subtotal - Europe and Eurasia</b>	<b>35,216</b>	<b>32,670</b>	<b>19,500</b>
<b>International Organizations</b>			
UN Democracy Fund (UNDEF)	3,797	-	-
<b>Subtotal - International Organizations</b>	<b>3,797</b>	<b>-</b>	<b>-</b>
<b>Near East</b>			
Egypt	530,720	490,050	455,000
Iraq	-	60,390	478,770
Israel	357,120	237,600	120,000
Israel SUP	50,000	-	-
Jordan	248,000	247,500	245,000
Jordan SUP	100,000	-	-
Lebanon	34,720	39,600	35,500
Lebanon SUP	5,000	-	-
Libya	300	-	-
Morocco	19,540	10,890	18,000
Yemen	14,880	7,920	12,000
Middle East Multilaterals	1,984	990	1,000
Middle East Partnership Initiative	74,400	99,000	120,000
Middle East Regional Cooperation	4,960	3,960	5,000
NED Muslim Democracy Programs	3,968	-	-
West Bank/Gaza	74,400	148,500	150,000
West Bank/Gaza SUP	150,000	-	-
<b>Subtotal - Near East</b>	<b>1,669,992</b>	<b>1,346,400</b>	<b>1,640,270</b>
<b>South and Central Asia</b>			
Afghanistan	223,200	425,700	610,000
Afghanistan SUP	1,086,600	-	-
Bangladesh	4,960	4,950	5,000
India	14,880	4,950	6,500
Nepal	4,960	4,950	5,000
Pakistan	297,600	337,095	350,000
Sri Lanka	9,920	3,960	4,000

**Economic Support Fund**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
South Asia Regional Fund	992	990	2,000
<b>Subtotal - South and Central Asia</b>	<b>1,643,112</b>	<b>782,595</b>	<b>982,500</b>
<b>Western Hemisphere</b>			
Bolivia	7,936	5,940	6,000
Cuba	8,928	8,910	9,000
Dominican Republic	2,976	1,980	12,000
Ecuador	11,901	2,970	6,000
El Salvador	-	-	10,000
Guatemala	5,952	4,455	13,000
Haiti	39,680	49,500	50,000
Haiti SUP	20,000	-	-
Mexico	13,392	9,009	9,000
Nicaragua	4,467	3,366	3,000
Panama	2,976	990	-
Paraguay	2,179	1,980	2,000
Peru	4,000	2,970	4,000
Venezuela	2,432	-	1,500
Peru-Ecuador Peace	2,976	1,980	-
Regional Anticorruption Initiatives	2,976	990	1,595
Summit of the Americas Support	1,488	2,970	2,000
Third Border Initiative	8,928	2,970	3,000
Trade Capacity Building	19,840	19,800	20,000
<b>Subtotal - Western Hemisphere</b>	<b>163,027</b>	<b>120,780</b>	<b>152,095</b>
<b>Global</b>			
Asia-Pacific Partnership	-	-	26,000
Disability Programs	2,480	3,960	-
Extractive Industries Transparency	-	990	-
House Democracy Assistance Program	-	990	-
Human Rights and Democracy Fund	35,704	-	35,000
Oceans, Environmental and Science Initiative	2,480	7,920	8,000
Partnership to Eliminate Sweatshops	1,984	-	-
Reconciliation Programs	11,904	10,890	11,000
Security and Sustainability Programs	2,976	1,485	-
Trafficking in Persons	24,304	11,880	8,500
UNHCHR Nepal	-	1,485	-
Wheelchairs	4,960	4,950	-
<b>Subtotal - Global</b>	<b>86,792</b>	<b>44,550</b>	<b>88,500</b>
<b>Total</b>	<b>3,914,592</b>	<b>2,621,025</b>	<b>3,214,470</b>

Note: In light of the recent legislative elections, the Administration is reviewing the West Bak/Gaza program details.

## Asia-Pacific Partnership

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	-	26,000

The United States, China, India, Korea, Australia, and Japan launched the Asia-Pacific Partnership in 2006 to promote clean development, enhance energy security, and address climate change. This initiative will advance U.S. leadership on the interrelated issues of energy and climate through public-private collaboration. Partners will work to deploy cleaner energy technologies and practices in developing countries that are among the largest global emitters of greenhouse gases.

The Asia-Pacific Partnership establishes a new model for international cooperation. The Partnership departs from previous efforts to address climate change in several key respects. First, it will integrate climate goals into a broader framework of sustainable economic development that includes industrial efficiency, expansion and diversification of energy sources, and improved public health. Second, it uses a “bottom-up” approach that builds on national efforts and fosters collaborative projects. Third, the Partnership will engage private sector as partners rather than adversaries.

With its integrated approach, the Partnership will help the United States achieve a range of goals. These include strengthening world economic growth, expanding opportunities for U.S. businesses, ensuring economic security, reducing greenhouse gas emissions, and improving health and environmental conditions for people. The six countries of the Asia-Pacific Partnership on Clean Development and Climate represent about half of the world's economy, population and energy use.

The Partnership's work program will encompass key sectors such as power generation, mining, steel, cement, housing and appliance standards, aluminum, and/or clean fossil and renewable energy technologies. Partners will identify priority opportunities for national action and cooperation. Partnership task forces will include private sector representatives.

Examples of potential areas for collaborative projects under the Asia-Pacific Partnership include:

- operational improvements and technology retrofits of thermal power plant to make them cleaner and more cost-efficient;
- deployment of hydro and other renewable energy power;
- rural village deployment of modern and cleaner energy technologies;
- development and deployment of clean coal technology and efficiency improvements;
- improvement of industrial process efficiency and emission reduction;
- deployment of energy efficiency technology and management practices for buildings; and
- civil aviation and urban public transportation efficiency and pollution reduction projects.

## Human Rights and Democracy Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DF	-	62,568	-
ESF	35,704	-	35,000

The Human Rights and Democracy Fund (HRDF) is one of the foreign assistance mechanisms employed by the Department of State to encourage democratic development and uphold international standards of human rights, two critical U.S. foreign policy objectives. The FY 2007 request of \$35 million in Economic Support Funds (ESF) will continue to support HRDF projects designed to open political space in struggling or nascent democracies and authoritarian regimes where the U.S. government can affect positive change.

In FY 2007, HRDF will support critical projects that strengthen democracy, promote the rule of law, advance human rights, build civil society and support independent media. HRDF funding will be used to train political parties, provide critical democracy resources to civil society and democracy activists, train human rights lawyers and provide pro bono legal aid, document human rights abuses, support independent media and raise awareness of international labor standards. Projects will provide assistance to marginalized groups including women, ethnic minorities and youth. Funds will also support regional initiatives that have the potential to create regional networks to affect transnational change.

HRDF grants are primarily awarded to U.S.-based and international non-governmental organizations (NGOs) with experience and expertise in the promotion of democracy and human rights. The Department of State coordinates HRDF projects with other donors to ensure funds support unique projects, or compliment existing efforts. HRDF grants fund pilot projects, rather than long-term development initiatives. Projects are intended to become sustainable through the transfer of responsibility to in-country stakeholders, or to be transitioned to traditional assistance agencies for ongoing funding.

To date over 180 HRDF grants have been awarded to 70 organizations for projects in 68 countries. Some examples of successful projects include: partnerships between government leaders, academic scholars and civil society to examine and promote connections between Islam and democracy in Algeria, Egypt, Jordan, Morocco and Nigeria; support for the Asia Calling radio station, Indonesia's only independent radio station with democracy and human rights content written and produced by southeast-Asian journalists; and the establishment of 20 Information Centers for Democracy in the Kyrgyz Republic to create a better-informed public and help develop the skills necessary to solve problems and organize people on the local and national level.

OMB examined HRDF in conjunction with the FY 2006 Program Assessment Rating Tool (PART) process. HRDF received a rating of Adequate. HRDF was not reassessed as part of the FY 2007 PART process. In response to OMB's FY 2006 PART recommendations, DRL has established a set of annual and long-term benchmarks which will enable the Department of State to better evaluate the success of HRDF projects to increase respect for democratic principles and human rights.

## Oceans, Environmental and Science Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	2,480	7,920	8,000

In today's global economy, science, technology, and environmental issues are key to promoting development and maintaining U.S. competitiveness. Informed and modern management of our natural resources are essential both to economic development and to maintaining regional stability in those areas where the resources cross borders. Fostering cooperation on science, environment, and health helps to ensure stable and prosperous societies that are our best hedge against international terrorism. Promoting public participation and rule of law in resource and environmental decision-making promotes grassroots democracy.

The Department of State uses Economic Support Funds (ESF) for Oceans, Environment and Science Initiatives (OESI) to advance U.S. negotiating positions, promote regional cooperation and stability, and demonstrate U.S. leadership in responding to emerging issues in international oceans, environment, science and health. These funds also promote U.S. economic, diplomatic, investment, and commercial interests and enable host governments to develop their own policies with a full appreciation of U.S. perspectives on these issues.

Climate change remains a key issue in the international environmental arena. ESF funding through the OESI program supports priority initiatives, such as the Methane-to-Markets Partnership, to address this matter.

As part of the concerted U.S. efforts to prevent outbreaks of pandemic disease, such as Avian Influenza, and to improve response capabilities for both naturally-occurring and bioterrorism-provoked disease outbreaks, the OESI program is promoting training and other preparedness activities around the world. The training and preparedness activities are already showing results and improving international surveillance efforts.

Ensuring that our non-Central America Free Trade Agreement (CAFTA) trading partners have the ability to uphold a level of environmental standards similar to our own is central to maintaining our economic competitiveness. The OESI program provides support for countries with whom we are engaged in free trade talks to increase their level of environmental protection and enforcement.

In addition, the OESI program supports science and technology cooperation in many countries--in particular those with large Muslim populations--highlighting one of the long-term, positive areas of interaction with these countries.

The Department of State is currently negotiating and implementing agreements and promoting voluntary initiatives that directly affect U.S. interests such as biotechnology, forests, hazardous chemicals, sustainable fisheries, health, water, and sustainable development. ESF funds will be used to further these goals by:

- Promoting the sustainable management of the world's natural resources. OESI projects will include: promoting collective action to combat wildlife trafficking, strengthening sustainable forest management, reducing land based and vessel pollution of our waters, and deterring illegal fishing that threatens U.S. commercial fisheries' interests and promoting the sustainable management of fisheries through enforcement capacity building.

- Advancing the Administration's vision for a sustainable future through partnerships on water, energy/climate change, wildlife conservation, marine pollution, health, and forests. OESI efforts will include: contributing to the Methane-to-Markets Initiative; supporting household and community-level pilot programs for access to clean water and sanitation services aimed at reducing the incidence of water-borne diseases; promoting clean energy technologies in large developing countries such as India; and implementing the Global Earth Observation System (GEOS).
- Ensuring that free trade and environmental protection are mutually supportive. OESI projects will include: strengthening other countries' environmental standards, thereby leveling the playing field for U.S. exports; implementing environmental work plans with non-CAFTA Free Trade Agreement (FTA) partners; and increasing the capacity for domestic good governance and transparent environmental law enforcement and compliance in Africa, Latin America and Asia.
- Seeking scientific collaboration that advances U.S. foreign policy objectives. OESI activities will include fostering capacity building and science-based decision making in Central America, Central Asia, and North Africa on coastal, marine and terrestrial habitat conservation, health, and biotechnology, and advancing space applications and technology, and earth observation data.



## Reconciliation Programs

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	11,904	10,890	11,000

The FY 2007 request of \$11 million will continue to support reconciliation programs and activities that bring together individuals of different ethnic, religious, and political backgrounds from areas of civil conflict and war. These funds will support cutting-edge programs that uphold democratic principles, support and strengthen democratic institutions, promote human rights, and build civil society in countries and regions of the world that are geo-strategically important to the United States. More specifically, they will be used to support:

- conflict response and mitigation through programs that seek to reduce the threat of violence through the peaceful resolution of differences, mitigate violence when it has broken out, or establish a framework for peace and reconciliation; and
- conflict management through programs that address the causes, and consequences of existing or likely conflict, but are implemented within a more traditional development sector such as democracy and governance or economic growth.

Funded programs in FY 2007 will address mediation of specific disputes, peace advocacy media, negotiation and implementation of peace agreements, community-based reconciliation, and conflict management. Related activities may include support for conflict research/early warning networks, capacity building of local governments to identify and address causes of conflict, strengthening the capacity of the private sector to contribute to peace-building, and building opportunities for young people to engage in constructive political and economic participation.

## Trafficking in Persons

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	24,304	11,880	8,500
INCLE	4,960	4,950	7,000

Trafficking in persons may be among the fastest growing human rights violations and transnational crimes internationally. This modern-day form of slavery involves sexual and/or labor exploitation, adopting such forms as indentured servitude, debt bondage, chattel slavery and peonage. Estimates vary, but 600,000 to 800,000, persons, primarily women and children, are annually trafficked across borders worldwide, including 14,500-17,500 victims brought into the United States each year. The number of victims is estimated to rise into the millions when intra-country trafficking is taken into account.

The Trafficking Victims Protection Act of 2000 (TVPA) and its subsequent (TVPRA) reauthorization in 2003 and 2005, provide the U.S. Government with the necessary tools to aggressively combat this heinous crime at the international and national level. The State Department, through the Office to Monitor and Combat Trafficking in Persons, is charged with coordinating the U.S. Government's implementation of the TVPA and TVPRA, compiling the largest government-produced annual *Trafficking in Persons Report* (the TIP Report); and advancing public awareness and advocacy involving practical solutions to combat human trafficking worldwide. The Department works with other governments, USG agencies, non-governmental organizations (NGOs), international organizations, Congress, and the media, toward the goal of eradicating modern-day slavery.

*Economic Support Funds (ESF)* for anti-trafficking activities totaling \$8.5 million would be targeted primarily to countries which have a growing trafficking-in-persons problem and a demonstrable need for resources to combat trafficking in Tier 3 and Tier 2 Watch List countries, and countries lacking adequate resources to address this situation. These funds will focus on prevention and on the protection and reintegration of victims. Proposed activities will be closely coordinated with other on-going USG programs to ensure maximum outreach and non-duplication.

Africa – Thirty-three (over 80 percent) sub-Saharan African countries were included in the 2005 TIP Report. Most trafficking in Africa occurs within the continent for agricultural work, domestic servitude, begging, prostitution, and child soldiering. Some flows of Africans to Europe and the Middle East are for the commercial sex trade. Human trafficking in Africa is driven by on-going adverse social and economic conditions in the region. Some trafficking, particularly of children for labor, stems from traditional and cultural practices that have been occurring for generations.

Funds will be used to support the programs such as:

- Prevention and public awareness campaigns, in local/tribal languages, which may include supporting radio programs, school/village programs, and outreach to religious and traditional leaders.
- Rehabilitation and reintegration programs for former child soldiers (including girls) in countries that have experienced civil wars in recent years.
- Shelter and rehabilitation programs for victims of trafficking in countries where governments and civil society organizations are either unable to support shelter and rehabilitation programs due to lack of resources and expertise or the existing facilities are inadequate for the number of victims.

East Asia – All forms of trafficking are found in this region. Weak law enforcement structures, corruption, and the conflation of trafficking with illegal immigration and prostitution are major obstacles to effective anti-trafficking strategies in the region. Nineteen East Asian countries were included in the 2005 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. The trafficking profile of the region is roughly divided between less developed source countries (e.g. Indonesia, Laos, Burma and the Philippines) and more developed destination countries and territories (e.g. Thailand, Malaysia, and Japan).

Funds will be used to support programs such as:

- Public awareness and information campaigns targeting at-risk populations and demand in countries that have a continuous flow of trafficking victims.
- Expansion of shelters, victim assistance (including medical, psychological, and legal), and reintegration programs in countries such as Thailand, Cambodia, Indonesia, Laos, Mongolia, Vietnam and the Philippines.

Near East – Fourteen or (over 80 percent) of all the Near East countries were included in the 2005 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. This region has the highest percentage of Tier 3 and Tier 2 Watchlist countries in the 2005 TIP Report. Given the conservative Muslim societies in most of the countries, sex trafficking is not a major problem in the region. A deficit of low-skilled domestic laborers in Saudi Arabia, Israel and Gulf States requires these countries to rely on migrant laborers from South or Southeast Asia. Thus, involuntary servitude involving some of these migrant laborers represent a key TIP concern in the region. Trafficking victims in these countries typically are locked in detention facilities, as there are no shelters.

Funds will be used to support programs such as:

- Public awareness (including joint campaigns in source countries) for at-risk populations, society and religious leaders in the destination countries. Joint public awareness campaigns will target people at risk for trafficking in the source countries and workers already in the destination countries.
- Expanding victim assistance including shelters, legal assistance, and reintegration to home countries is important in the region because such services are generally not available in the region. Expanding victim assistance may lead to an increase in victims willing to testify against their traffickers.
- Inter-regional cooperation between source countries in Asia and destination countries in the Persian Gulf. Programs could support increased cooperation between key source and destination countries on trafficking or supporting the development of a regional or a series of bilateral action plans on combating labor and sex trafficking.

South Asia – Six or (75 percent) of South Asian countries were included in the 2005 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. The region is characterized by massive numbers of TIP victims predominantly in forms of labor trafficking, such as bonded labor in low-skilled industries. Corruption and a lack of political will are key impediments to tackling the trafficking problem. As government and law enforcement efforts expand in these countries, the need for quality shelter facilities is increasing. Civil society groups in some of these countries have the expertise to rehabilitate victims and encourage their participation in prosecutions, but lack the resources to care for an increasing number of victims.

Funds will be used to support programs such as:

- Expanding services to victims including shelter, medical, psychological, legal, vocational assistance, reintegration, and following up with victims.
- Basic anti-trafficking capacity building activities in Afghanistan, a growing source country for trafficking victims. The government has outlawed child trafficking, but the new government agencies, law enforcement officials, judges, social workers and border officials have very limited understanding of trafficking.
- Public awareness campaigns targeting at-risk populations, outreach to religious leaders, high-risk areas, and demand. Utilizing local languages and targeting religious leaders, particularly in Muslim areas, may contribute to a decrease in trafficking and demand as their advice is greatly respected.
- Advocacy efforts to improve anti-trafficking legislation and government response in India. Support to civil society in India can lead to the improvement of anti-trafficking legislation and a more organized government response to trafficking.

Western Hemisphere – This region is among the top three source regions for trafficked victims into the United States, according to U.S. intelligence community estimates. Twenty-three (approximately 80 percent) Western Hemisphere countries were included in the 2005 TIP Report as countries with a significant number of victims of severe forms of trafficking in persons. The region is challenged by a general lack of awareness of trafficking and a concomitant deficit in political will to tackling the problem.

Funds will be used to support programs such as:

- Regional coordination activities through the Organization for American States' anti-trafficking coordinator, a position created as a U.S. initiative to follow up on the Summit of The Americas.
- Regional public awareness which may include information campaigns targeted at child sex tourists as well as pilot activities aimed at reducing local demand for victims of sex trafficking.
- Expansion or establishment of victim services such as shelters, protection, and reintegration in countries where none or very few exist.
- Anti-trafficking related legal reform in countries where anti-trafficking legislation does not exist. Assistance may be targeted to training for non-governmental organizations to be victim/witness advocates through the criminal justice process.

*International Narcotics Control and Law Enforcement (INCLE) Funds* for anti-trafficking activities totaling \$7 million would be targeted primarily to countries which have a growing trafficking-in-persons problem and a demonstrable need for resources to combat trafficking in Tier 3, Tier 2 Watch List countries, and countries lacking adequate resources to address this situation. Proposed law enforcement activities will be closely coordinated with other on-going USG law enforcement programs to ensure maximum transparency and coordination and to avoid duplication. All funded projects will first be vetted through the Senior Policy Operating Group on Trafficking in Persons (SPOG) to ensure compliance with USG policies.

FY 2007 INCLE funds are requested to strengthen law enforcement capacities in the areas of prosecution, protection, and prevention programs to fight criminals involved in trafficking in persons, including persons trafficked for sexual and/or labor abuse or as child soldiers. Approximately 120,000 children have

participated in armed conflicts throughout Africa, particularly in countries such as Liberia, Democratic Republic of the Congo, and Uganda. These children serve as combatants, porters, domestic workers, and sex slaves and endure severe physical and psychological trauma.

Assistance will be targeted primarily to countries in Tiers 2 and 3 of the Trafficking in Persons Report as well as less developed countries in Tier 1 and countries not listed in the report but which have a growing trafficking problem. Proposed focus countries may include Cameroon, Gabon, Ghana, Madagascar, Senegal, Uganda, Indonesia, Philippines, Laos, Cambodia, Mongolia, Vietnam, Thailand, China, Lebanon, Israel, Egypt, Morocco, Jordan, United Arab Emirates, Kuwait, Haiti, Dominican Republic, Mexico, Nicaragua, Guatemala, Panama, Honduras, Belize, Ecuador, Peru, Paraguay, Argentina, Uruguay, Guyana, Suriname, India, Pakistan, Bangladesh, Sri Lanka, and Afghanistan. Regional projects may include the Mekong sub-region, eastern Caribbean region, tri-border region of South America and Central America.

G/TIP Office programs will provide technical assistance and training to police, prosecutors, judges, and/or immigration officials in such areas as follows: investigating, arresting, and prosecuting traffickers and monitoring international borders; training police officers how to assist and communicate with victims in order to encourage them to cooperate as potential witnesses - a critical component of protection initiatives; promoting bilateral and regional cooperation on these issues; and promoting new or improved trafficking legislation.

The transnational nature of trafficking overwhelms many countries' law enforcement agencies, which are not equipped to adequately monitor borders or stop organized trafficking networks. Approximately \$4.5 million in INCLE funds will be allocated towards law enforcement training in investigative and prosecutorial capacity-building initiatives which may include: providing technical training for police, prosecutors, judges, immigration officials and medical personnel; facilitating law enforcement interagency cooperation on trafficking in persons matters; legal drafting, and legislative assistance; specialized prosecutorial training in TIP cases; and equipment and modest supplies for anti-trafficking police units or taskforces. A provision of equipment may include computers, radios or other communications technologies, audio/visual equipment, motorcycles to support specialized TIP police units.

The G/TIP Office proposes to use approximately \$2 million in INCLE funds to support protection programs, a critical component in aiding the police, prosecutors and others to handle appropriately trafficking in persons victims, particularly in the development of key victim witnesses and arrest leads. Other areas may include assistance to forensic laboratories, including specialized forensics training related to TIP cases and the procurement of forensic evidence collection rape kits, the development of formal protection protocols for victims; support for court-appointed victim advocates; creation of child-friendly forensic interview rooms, and video testimony capability in courtrooms.

Approximately \$500,000 will be allocated to support prevention programs. Programs will focus on law enforcement and NGO support to raise public awareness and outreach to communities at risk to be trafficked for sex trafficking, labor trafficking, domestic servitude, sex tourism, child bonded labor, and training for peacekeepers. Priority areas include countries in Tier 3, Tier 2 Watchlist, Tier 2, and countries with a growing problem committed to combating TIP.

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## Assistance for Eastern Europe and the Baltic States

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
SEED	393,427	357,390	273,900

Support for East European Democracy (SEED) Act funding has promoted important U.S. national interests and strategic goals in the former communist countries of North Central and South Central Europe since 1989. Ten SEED recipient countries in the Northern Tier have already achieved the goal of integration into Euro-Atlantic institutions through their membership in NATO; eight of them are also members of the European Union. Assistance to these eight countries has already phased out. Bulgaria, Croatia and Romania have also been evaluated as being on an irreversible path to economic and democratic reform and EU membership. FY 2006 is the last year of new SEED funding for Bulgaria, Croatia, and Romania. The SEED account also funds the U.S. contribution to the Organization for Security and Cooperation in Europe (OSCE) in support of OSCE Field Missions in Southeast Europe and related costs.

In FY 2007 and beyond, the focus of SEED funding will be primarily on the Western Balkans. Southeastern Europe still has the potential to destabilize Europe and to threaten the vital interests of the United States and its Allies. Negotiations on the status of Kosovo will begin in earnest in early 2006; FY 2007 SEED funds will be needed to help ease the transition in Kosovo, Serbia and neighboring countries, whatever the outcome of the status talks. SEED programs support innovative models, technical assistance, and training to facilitate reform and transition.

SEED funding promotes broad-based economic growth and the strengthening of institutions within and outside of government to increase adherence to democratic practices and respect for human rights. The countries of Southeast Europe have made important progress toward achieving the goals of the SEED program: building a market economy with a strong private sector, consolidating democracy, and improving the quality of life for their citizens. All of the recipient countries are now democracies, and all states in the region experienced economic growth in the last year (United Nations-administered Kosovo was an exception). Extensive SEED investments during recent years have succeeded in helping the region overcome crises and as a consequence, the Administration has been able to reduce the overall SEED request while maintaining the momentum of the reforms currently under way.

SEED programs help to reduce local and regional instability that could threaten the security and well-being of the United States and its allies. A peaceful, democratic, and economically strong Southeast Europe gives the United States and the Euro-Atlantic community substantially greater assurance of security at lower cost. SEED programs also address the human costs of conflict, contribute to the protection of human health, help to achieve a sustainable global environment, and promote U.S. exports. Southeast Europe is a growing market for U.S. goods and services, as well as a gateway to the vast potential markets in Russia and Ukraine. SEED bilateral and regional programs also help to reduce the threat of transnational organized crime and HIV/AIDS and promote regional cooperation.

While the SEED program has built a solid record of accomplishment, much remains to be done. The countries in Southeast Europe continue to require U.S. assistance to address different needs. SEED assistance will focus on consolidating gains and preventing backsliding. Bosnia and Herzegovina (BiH), Kosovo, the Republic of Macedonia, and Serbia and Montenegro (SaM), whose economic and political transitions were delayed by hostilities and ethnic violence, continue to require intensive U.S. assistance and leadership to maintain security, promote inter-ethnic dialogue, strengthen democratic institutions, and develop market economies. The United States continues to exercise leadership

through both its SEED-funded assistance and military presence to ensure that the Dayton Peace Accords are implemented. Neighboring Albania also requires continued SEED assistance. SEED funding will focus on building democratic institutions, promoting private sector-led growth and fighting trafficking, organized crime, and corruption.

Objectives of the SEED program for FY 2007 include the following:

- To continue support to SaM as it accelerates progress toward Euro-Atlantic integration. Efforts in Serbia will focus on supporting economic and democratic reform to solidify democratic gains, improving the effectiveness and accountability of local government, strengthening the rule of law, building increased capacity to prosecute those charged with war crimes and offenses involving organized crime, fostering respect for minority rights, and helping the government develop and implement a comprehensive program for economic, political, and administrative reform, including focusing assistance on pro-reform elements that help promote full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague. In Montenegro, continued assistance will advance the process of democratization through support for economic reform and development of the private sector.
- To support Macedonia's ongoing efforts to implement the 2001 Ohrid Framework Agreement. Robust implementation will help restore political stability by bringing the benefits of economic and political reforms to all Macedonia's citizens and maintaining the country on the path to Euro-Atlantic integration. Work to promote economic development and social cohesion will go on at the local level, to sustain Macedonia's successful efforts at Framework-mandated decentralization and diffusion of ethnic tensions.
- To assist in Kosovo's transition now that status talks are under way. Whatever the outcome, it will be necessary to help build Kosovo's capacity to adjust to the significant challenge of self-government as the international community continues to hand over nearly all aspects of governance to Kosovar institutions. Essential assistance programs will concentrate on strengthening institutions; developing the judiciary, law enforcement and civilian police; supporting local government; and, maintaining respect for minority rights and driving economic growth through policy reform and support for key industries.
- To support BiH in its efforts to gain greater autonomy from the international community. SEED assistance will help local authorities to take on greater responsibility for economic, democratic, social and judicial reforms. SEED assistance will also continue to help develop key state- and municipal-level government institutions as well as key non-governmental institutions, such as civil society organizations and the independent media.
- To stabilize, transform, and integrate the countries of Southeast Europe into trans-Atlantic institutions through the development of greater intra-regional ties under the aegis of programs such as the Stability Pact for Southeast Europe.

SEED assistance also supports U.S. security, democracy, commercial, and human rights interests in Southeast Europe. FY 2007 SEED assistance will help:

- Enhance security on the ground for U.S. troops in Kosovo and BiH.
- Speed up the stabilization process in the countries of the former Yugoslavia, allowing continued reduction of U.S. forces.
- Help prevent further outbreaks of armed conflict.



- Support the capacity of domestic courts in BiH, SaM and Croatia to try war crimes cases, both in the interest of justice and public accountability, as well as to permit the ICTY to finish its work more expeditiously.
- Improve internal security and rule of law, reducing the influence of organized crime and corruption.
- Improve the investment climate and help open new markets for American business.
- Improve the lives of citizens in the region through more effective government, improved social services, and a cleaner environment.

Please see the individual country and regional program papers in the Europe and Eurasia section for detailed program justifications.

**Assistance for Eastern Europe and the Baltic States**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Europe and Eurasia</b>			
Albania	28,266	24,750	20,000
Bosnia and Herzegovina	41,000	39,600	31,000
Bulgaria	27,250	19,800	-
Croatia	22,000	14,850	-
Kosovo	83,000	74,250	79,000
Macedonia	37,000	34,650	27,000
Romania	28,500	19,800	-
Serbia and Montenegro	93,600	84,150	70,500
OSCE Regional	5,379	24,453	28,500
Regional SEED	27,432	21,087	17,900
<b>Subtotal - Europe and Eurasia</b>	<b>393,427</b>	<b>357,390</b>	<b>273,900</b>
<b>Total</b>	<b>393,427</b>	<b>357,390</b>	<b>273,900</b>

## Assistance for the Independent States of the Former Soviet Union

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FSA	555,520	508,860	441,000
FSA/NIS-SUP	70,000	-	-

The United States has a vital national interest in helping the independent states of the former Soviet Union advance along the path toward becoming stable, pluralistic, and prosperous countries. The substantial role played by FREEDOM Support Act (FSA) assistance in supporting democracy was dramatically illustrated by the democratic breakthroughs of 2004 and 2005. The advance of democracy in Georgia, Ukraine, and the Kyrgyz Republic, and the building of civil society and enhancement of media freedoms in several other countries, point to the efficacy of FSA assistance. Yet challenges remain in these countries as governments and people grapple with how to leverage their revolutions into lasting democratic change. In other countries such as Belarus, Uzbekistan, and Russia, the lack of progress in reforms, and in some cases backsliding, demonstrate the continuing need for FSA-funded programs, which play a role in supporting transformational diplomacy.

The United States also has strong national security interests in helping the Eurasian states combat transnational threats, including terrorism, the proliferation of weapons of mass destruction (WMD) and the expertise to produce or deliver them; trafficking in persons and narcotics; and the spread of HIV/AIDS, tuberculosis, and other infectious diseases. Most of the Eurasian states have provided critical assistance in the Global War on Terrorism, including basing and overflight rights that have been key to our ability to carry out military action in Afghanistan. Several are also providing troops or other assistance in Iraq and Afghanistan.

U.S. interests in the region will be protected most effectively when the Eurasian states complete their transition to democratic governance and market-based economies. However, progress along that path has been uneven. U.S. assistance therefore remains an invaluable tool for achieving U.S. foreign policy goals. FSA-funded programs support emerging democratic organizations and market-based reforms creating broad economic opportunities. FSA assistance has helped develop civil society in Eurasia through support for non-governmental organizations, political parties, and the independent media. FSA-funded economic reform and business development programs have supported the growth of micro, small, and medium-sized private enterprises throughout the region, and helped governments improve their investment regimes. FSA funds have also been used to capitalize enterprise funds, innovative assistance mechanisms that operate much like venture capital funds. FSA programs increase the scope of economic opportunity and promote social stability through support for basic and higher education, improved health care, narcotics demand reduction programs, and exchange programs that enable students and professionals to learn how a market-based democracy works in the United States. Complemented by assistance from other donors, FSA programs are helping countries and societies to build effective strategies to address the threat of HIV/AIDS and other infectious diseases.

FSA-funded assistance also combats transnational threats such as the proliferation of WMD and related technology, drug trafficking, organized crime, and trafficking in persons. FSA-funded border security programs strengthen borders across Central Asia and the Caucasus, including along the Tajik-Afghan border. FSA-funded assistance also facilitates the destruction and removal of Russian weapons and ammunition from Georgia and the Transnistria region of Moldova. In addition, FSA-funded joint research collaborations have achieved promising results in the areas of public health and agricultural research, while successfully redirecting the biological weapons expertise of former Soviet weapons scientists to peaceful, productive pursuits. FSA-funded efforts complement the WMD scientist redirection programs funded

through the Nonproliferation of WMD Expertise subaccount within the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) account.

The Office of the Coordinator of U.S. Assistance to Europe and Eurasia continues to monitor the interagency-agreed process to define progress towards reaching reform benchmarks in democratic, economic, and social reform, with the purpose of phasing out FSA assistance in particular sectors by agreed-upon target dates. FSA regional funds support region-wide assessments, and analytical studies by Freedom House, that inform our phase-out benchmarks. In addition, the Coordinator's Office monitors reform indicators collected by the European Bank for Reconstruction and Development (EBRD), the United Nations Development Program (UNDP), and Transparency International, among others. Beginning in FY 2005, FSA regional funds have covered the U.S. contribution to the Organization for Security and Cooperation in Europe (OSCE) in support of OSCE Field Missions in Eurasia and related costs.

FSA resources are allocated based on two principles: first, balance between programs that address immediate threats and programs that promote lasting, generational change; and second, selective engagement based on willingness to reform and on performance in actual implementation.

FY 2007 FREEDOM Support Act assistance has the following objectives:

- To strengthen democracy by supporting open and transparent political processes, rule of law, and checks on executive authority, including independent and capable legislative and judicial branches, robust and effective civil society organizations, and sustainable independent media;
- To make economies more competitive and open them up to trade and investment by supporting responsible macroeconomic policies, good financial sector regulation, and a consistent, non-politicized approach to commercial disputes, and broad distribution of economic growth;
- To broaden economic opportunity by bolstering private enterprise, especially small business, through training and increased availability of credit;
- To enhance capabilities to fight illicit trafficking in persons, narcotics and WMD;
- To mitigate the risk of failed states by attacking the underlying economic and political causes of instability, and by supporting efforts to resolve regional conflicts;
- To improve the health of Eurasian populations, with a particular focus on primary care and infectious diseases, such as tuberculosis and HIV/AIDS; and
- To provide former Soviet weapons scientists with alternative, peaceful civilian research opportunities.

**Assistance for the Independent States of the Former Soviet Union**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Europe and Eurasia</b>			
Armenia	74,400	74,250	50,000
Azerbaijan	37,755	34,650	28,000
Belarus	6,896	11,880	10,000
Belarus SUP	5,000	-	-
Georgia	86,000	66,330	58,000
Moldova	17,350	17,820	16,000
Russia	85,000	79,200	58,000
Ukraine	78,600	83,160	85,000
Ukraine SUP	60,000	-	-
OSCE Regional	12,901	11,880	12,000
Regional FSA	30,289	31,957	29,430
<b>Subtotal - Europe and Eurasia</b>	<b>494,191</b>	<b>411,127</b>	<b>346,430</b>
<b>South and Central Asia</b>			
Kazakhstan	26,690	24,750	19,000
Kyrgyz Republic	35,126	24,750	32,000
Tajikistan	24,513	23,760	22,000
Turkmenistan	6,505	4,950	5,000
Uzbekistan	31,495	17,820	15,000
Central Asia Regional	2,000	1,703	1,570
<b>Subtotal - South and Central Asia</b>	<b>126,329</b>	<b>97,733</b>	<b>94,570</b>
<b>Global</b>			
Northern Caucasus SUP	5,000	-	-
<b>Subtotal - Global</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>625,520</b>	<b>508,860</b>	<b>441,000</b>

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# INDEPENDENT AGENCIES

Peace Corps  
Inter-American Foundation  
African Development Foundation  
Millennium Challenge Corporation

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**Peace Corps**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
Peace Corps	317,440	319,880	336,700

The Peace Corps provides practical assistance to developing countries by sharing America’s most precious resource--its people. The close interaction between Peace Corps Volunteers and local communities has allowed the Peace Corps to establish an admirable record of service that is recognized around the world. As the agency approaches its 45<sup>th</sup> anniversary, Peace Corps Volunteers are recognized as instruments of progress helping people who want to build a better life for themselves, their children, and their communities. Today, in more than 70 countries, Peace Corps Volunteers continue to bring a spirit of hope and optimism to the struggle for progress and human dignity. Since 1961, more than 182,000 Americans have served as Peace Corps Volunteers in 138 countries.

While times have changed since the Peace Corps’ founding in 1961, the agency’s mission -- to promote world peace and friendship -- has not. The three core goals of the Peace Corps are as relevant today as they were 45 years ago:

- To help the people of interested countries in meeting their need for trained men and women.
- To help promote a better understanding of Americans on the part of the peoples served.
- To help promote a better understanding of other peoples on the part of Americans.

Through the work and contributions of its Volunteers, the Peace Corps has emerged as a model of success for encouraging sustainable development at the grass-roots level. Volunteers work with teachers and parents to improve the quality of, and access to, education for children. They work with communities to protect the local environment and to create economic opportunities. Volunteers work on basic projects to prevent the spread of HIV/AIDS, help provide food security and access to potable water. They train students to use computers and help communities establish resource centers with Internet access.

The Peace Corps, however, is much more than a development agency. Its larger purpose is to empower people in developing countries to take charge of their own futures and strengthen the bonds of friendship and understanding between Americans and the people of other cultures. The on-the-ground, people-to-people relationships that Peace Corps Volunteers forge with their host country colleagues and communities serve as a crucial foundation for world peace, cross-cultural exchange, public diplomacy, and mutual understanding.

Volunteer safety remains the top priority of the Peace Corps. Because health and safety risks are inevitably an inherent part of Volunteer service, the Peace Corps staff and Volunteers work together to create a framework that safeguards their well-being to the greatest extent possible, enabling them to carry out the Peace Corps’ mission. The Peace Corps takes responsibility for ensuring that safety and security issues are fully integrated in all aspects of Volunteer recruitment, training, and service and that the Peace Corps’ safety and security policies and training curricula are adjusted as situations change. Volunteers do their important part by taking personal responsibility for their behavior at all times and assimilating successfully into their host communities. Volunteers can also reduce risks by following recommendations for locally appropriate behavior, exercising sound judgment, and abiding by the Peace Corps’ policies and procedures.

Through their service, Volunteers make lasting contributions to our country and society in the following ways:

*Representing American Values and Diversity* - The women and men who serve as Peace Corps Volunteers reflect the rich diversity of our country and represent some of the finest characteristics of the American people: a strong work ethic, a generosity of spirit, a commitment to service, and an approach to problems that is both optimistic and pragmatic. They are afforded no special privileges and often live in remote, isolated communities. They speak local languages and adapt to the cultures and customs of the people they serve. In this process, Volunteers share and represent the culture and values of the American people, and in doing so earn respect and admiration for our country among people who often have never met an American.

*Responding to Humanitarian Crises and Natural Disasters* – Through the President’s Emergency Plan for AIDS Relief, Peace Corps Volunteers continue to meet the challenges of this global pandemic working both formally and informally, in 9 of the 15 focus countries. They are enhancing programming and in-country HIV/AIDS training, supplying Crisis Corps Volunteers (former Volunteers who return to the field on a short-term basis), and making small grants available for community initiated projects. Additionally, Crisis Corps Volunteers are assisting with disaster recovery in Sri Lanka and Thailand, following the devastating tsunami, and for the first time ever Crisis Corps Volunteers were deployed domestically to address critical needs in the Gulf Coast states in the wake of Hurricanes Katrina and Rita. More and more, Peace Corps Volunteers are finding ways to meet humanitarian challenges and, thereby, spreading American compassion abroad.

*Preparing America’s Work Force with Overseas Experience* - Peace Corps training and service provide skills that are increasingly important to America’s participation in the international economy. Volunteers worldwide learn more than 250 languages and dialects, and they receive extensive cross-cultural training that enables them to function effectively at a professional level in different cultural settings. Returned Volunteers often use these skills and experiences to enhance careers and make contributions to our society in virtually every sector -- Congress, the Executive branch, the Foreign Service, education, business, finance, industry, trade, health care, and social services.

*Peace Corps Volunteers Educating Young Americans* - Through the Coverdell World Wise Schools Program, thousands of current and returned Peace Corps Volunteers share their experiences in developing countries with students in America’s classrooms. This successful program allows young Americans to learn about the peoples and cultures of other countries and to interact with positive role models who have engaged in public service as Peace Corps Volunteers. These exchanges have allowed American students -- especially those who have not had the opportunity to travel or to experience another culture -- to gain a global perspective and to realize that they can make a difference in their communities and in the world.

*Contributing to America’s Legacy of Service* - Encouraging service and volunteerism among the American people is part of a long tradition in the United States and of this Administration. Over 100,000 people contact the Peace Corps each year seeking information about serving as a Volunteer. When Volunteers complete their overseas service, many continue their commitment to volunteerism by offering their time and skills to community volunteer programs across the country.

## Inter-American Foundation

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IAF	17,856	19,305	19,268

The Inter-American Foundation (IAF) undertakes development initiatives in Latin America and the Caribbean that have a direct impact on the lives of people at the lowest economic levels and that support the President's priorities in the region. The IAF supports programs that promote entrepreneurship, self-reliance, and democratic self-governance as a way to foster economic progress for the poor. By working with people at the community level, the IAF helps such communities develop democratic practices, including strengthening citizen participation and oversight of local governments.

In FY 2007, the IAF will continue to focus its resources on building partnerships among grassroots organizations, NGOs, local governments and private enterprises to foster development and democracy at the local level. This strategy also promotes social investment in Latin America and the Caribbean by the U.S. and local private business sectors to improve the quality of life of the poor in the region.

The IAF will create Opportunity Zones, one of President Bush's key proposals at the recent Summit of the Americas in Argentina. The Opportunity Zones program is based on the successful U.S. domestic initiative encouraging a combination of business ownership, local investment and civic partnerships to bring people out of poverty in targeted areas. Several foreign governments have expressed interest in collaborating with the IAF on this initiative.

The IAF will continue to perform a leading role in efforts to channel some of the vast amounts of remittances that immigrants send home each year into development activities and will seek the partnership of other major donors in a coordinated venture, an area in which it was a pioneer. In particular, the IAF will work with migrant organizations in the U.S. and Canada to target their remittances toward development projects in their countries of origin.

In FY 2007, the IAF will continue to expand its innovative program involving a partnership with an expanding network of 54 Latin American corporations and corporate foundations. Participating corporate partners share criteria for funding and a results measurement system based on IAF's experience with grassroots development, and exceed IAF contributions by a ratio of 2:1 to support local development initiatives.

The IAF will continue to support the economic development initiatives of indigenous peoples, as well as African-descendant communities, which comprise half the population living below the poverty line in Latin America and the Caribbean. As an active member of the Inter-Agency Consultation on Race in Latin America, the IAF, in conjunction with the government of the United Kingdom, the Inter-American Development Bank, and the World Bank, will promote the inclusion of indigenous and African descendants in poverty reduction strategies by countries and donor agencies.

The IAF will support the expansion of community foundation activities in Mexico, particularly on the U.S.-Mexico border, through both monetary and non-monetary transfers (such as technical assistance) to promote endowment challenge grants and other forms of cross border philanthropy. The IAF will foster the networking of these foundations to promote shared commitments to grassroots development and shared practices and evaluation criteria.

## African Development Foundation

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ADF	18,848	22,770	22,726

The African Development Foundation (ADF) plays a unique role within the U.S. Government's foreign assistance programs. ADF is the only USG agency that awards development assistance directly to African small enterprises and non-governmental organizations (NGOs).

ADF's efforts complement other forms of United States assistance to Africa by providing small enterprises in Africa's poorest communities with the resources they need to generate new jobs and deliver significant increases in income to employees and to low-income families. The Foundation's programs support U.S. national interests in Africa by promoting economic growth, advancing opportunities for new international trade and investment, and strengthening the relationship between the United States and the people of Africa.

ADF's FY 2007 request focuses on:

- Promoting small enterprise development in Africa's poorest communities, and
- Helping small businesses and farming groups increase their exports to regional and global markets.
- Leveraging matching contributions from African governments and private corporations, which will double the impact of appropriated funds.

The Foundation has extensive experience in helping African small businesses improve their productivity and profitability. ADF's FY 2007 funding will allow the Foundation to provide African small businesses with essential capital, technology, and technical assistance to improve their productivity and to enhance their access to regional and international market opportunities.

## Millennium Challenge Corporation

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MCA	1,488,000	1,752,300	3,000,000

The Millennium Challenge Corporation (MCC), now beginning its third year, has set the stage for significant progress this year toward the goal of increasing economic growth and reducing poverty in developing countries that govern justly, invest in their people and encourage economic freedom. There is strong and increasing demand for MCC funding, as countries respond to the incentives created by the MCC process by implementing reforms and setting development priorities. MCC has hired and trained staff to increase the speed of negotiations with partner-nations, monitor program results, and ensure fiscal accountability. MCC funds are beginning to flow to the first compact countries. Fully funding the President's FY 2007 budget request will be critical to continuing this progress in 2006 and beyond.

The MCC takes an investment-oriented approach to development, an approach that is already demonstrating results in the actions of partner countries:

- In the first tranche of MCC compact countries, the MCC process itself is proving to be very important, in addition to results of the product. For example, by involving local and grassroots leaders early on in the application process, national leaders have set the stage for success by ensuring broad partnerships in implementation.
- Political will is important for long-term sustainable poverty-reduction, and MCC funding creates incentives for countries to make policy reforms. MCC partner countries are working to meet rigorous guidelines to ensure that aid will not be misapplied or fall victim to corruption *before* dollars are allocated from MCC accounts.
- MCC compacts and follow-on agreements quantify results wherever feasible, so that U.S. taxpayers and the partner countries both know exactly what our investment is attempting to achieve.

Millennium Challenge Compacts Signed to Date		
Country	Value	Brief Description of Compact
Cape Verde	\$110 million	Increases incomes by improving the investment climate, reforming the financial sector, and increasing agricultural productivity.
Georgia	\$295 million	Assists the poor by reducing transportation costs, facilitating access to capital, and improving access to heat and electricity.
Honduras	\$215 million	Reduces poverty by increasing agricultural productivity and lowering transportation costs between national, regional and global markets.
Madagascar	\$110 million	Raises agricultural incomes by protecting property rights, expanding credit, and employing advanced farming techniques.
Nicaragua	\$175 million	Spurs economic growth by strengthening property rights, reducing transportation costs, and increasing farm wages.

The year just concluded has been marked by significant achievements. MCC completed and signed compacts with five partner-nations: Madagascar, Honduras, Cape Verde, Nicaragua, and Georgia. MCC has committed nearly \$1 billion to these nations to help them reduce poverty through economic growth.

MCC is engaged in various stages of the compact development process with twelve additional nations, and six new countries were selected to be eligible for compact status in November of 2006.

In the current fiscal year MCC is on track to finalize at least six more compacts which, when completed, will represent MCC funding commitments of up to \$1.7 billion, almost twice the level committed in FY 2005. In FY 2007, MCC expects to sign up to 10 new compacts, comprising commitments of more than \$3 billion. As a result, MCC will have total commitments approaching \$6 billion with up to 21 countries by the end of FY 2007. Disbursements will also increase significantly in FY 2006 and FY 2007 as the first tranche of signed compacts move beyond the initial stages of implementation.

MCC has built its organizational capacity in staff, policies, procedures, and lessons learned, to help eligible nations move more quickly through the compact development process. MCC conducted a major reorganization in the first quarter of FY 2006, and is moving to fully staff the agency by the end of the current fiscal year, increasing to the planned capacity of almost 300 from the current staffing level of approximately 160.

### Millennium Challenge Account Eligible Countries

*Total (23)*

Low Income	
<i>Africa</i>	<i>Eurasia</i>
Benin	Armenia
Burkina Faso <sup>2</sup>	East Timor <sup>2</sup>
The Gambia <sup>1</sup>	Georgia
Ghana	Mongolia
Lesotho	Sri Lanka
Madagascar	Vanuatu
Mali	
Morocco	<i>Latin America</i>
Mozambique	Bolivia
Senegal	Honduras
Tanzania <sup>1 2</sup>	Nicaragua
Lower-Middle Income	
<i>Africa</i>	<i>Latin America</i>
Cape Verde	El Salvador
Namibia	

### Threshold Program Eligible Countries

*Total (15)*

Low Income		
<i>Africa</i>	<i>Eurasia</i>	<i>Latin America</i>
Kenya	Albania <sup>3</sup>	Guyana
Malawi	Indonesia <sup>1</sup>	Paraguay
Sao Tome and Principe	Kyrgyz Republic <sup>1</sup>	
Uganda	Moldova <sup>1</sup>	
Zambia	Philippines	
	Ukraine <sup>1</sup>	
	Yemen <sup>3</sup>	
Lower-Middle Income - Jordan <sup>1</sup>		

<sup>1</sup>Newly selected for FY 2006

<sup>2</sup>Moved from Threshold Program to Eligible in FY 2006

<sup>3</sup>Not selected for FY 2006

Because of the robust demand of the 23 currently eligible countries, the FY 2007 request for MCC is critical to its success. The FY 2007 request of \$3 billion reflects how much MCC needs to support its future anticipated compacts, the threshold program, and administrative expenses. At funding levels lower than \$3 billion, MCC will likely need to delay negotiating compacts with some eligible countries to ensure that compacts are large enough to have a transformational impact. For example, MCC appropriations through FY 2006 totaled \$4.2 billion, but MCC has already approved eight compacts worth \$1.5 billion, is considering 10 additional compacts worth over \$3 billion, and is awaiting six countries to submit proposals.

There is still a lot of work to be done, and the MCC is applying the lessons learned from the past two years to its ongoing work:

- MCC is investing more time and money up front to help eligible countries develop successful compact proposals and needed management and financial accountability capacity.

- Through its Threshold program and other outreach efforts, MCC is helping countries meet the governance, economic, and social investment criteria for compact eligibility.
- Building on the clean audit it received for FY 2005, MCC is continuing to develop and refine its internal management procedures to increase efficiency and ensure accountability for taxpayer funds.

More than half of the world's population is struggling to survive on less than \$2 a day. As developing nations take steps to qualify for MCC compact status, it is vital that the Congress show its commitment to their efforts by providing the necessary funds to invest in multiyear projects in areas such as agriculture, private sector development, and infrastructure. This support will allow MCC to help these nations lift themselves from the cycle of poverty, famine, corruption, and emergency aid requests – a cycle that has proven all-too-familiar for decades.

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# DEPARTMENT OF STATE

International Narcotics Control and Law Enforcement  
International Narcotics Control and Law Enforcement Detail  
    Andean Counterdrug Initiative  
    Andean Counterdrug Initiative Detail  
    Migration and Refugee Assistance  
U.S. Emergency Refugee and Migration Assistance Fund  
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    Global HIV/AIDS Initiative Detail  
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    Conflict Response Fund

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## International Narcotics Control and Law Enforcement

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
INCLE	327,389	472,428	795,490
INCLE-SUP	620,000	-	-

International Narcotics Control and Law Enforcement (INCLE) funding is critical for advancing the U.S. national objective of blunting the impact of international crime, illegal drugs and terrorism on Americans and American society. The United States faces serious continuing threats to its security from international terrorist networks and their allies in the illegal drug trade and international criminal enterprises. Terrorism, international drug trafficking and transnational organized crime simultaneously target Americans and American interests both at home and abroad. All three groups thrive in gaps between law enforcement jurisdictions and where law enforcement institutions are weak or corrupt. They threaten not only U.S. security but also that of our close friends, neighbors, and allies. International drugs and crime jeopardize the global trend toward peace and freedom, undermine the rule of law, and menace local and regional stability, whether in Colombia, the Balkans, or Afghanistan.

To help meet these challenges, INCLE funds support a robust and comprehensive range of bilateral, regional, and global initiatives to help foreign governments build strong law enforcement and related institutions that can stop such threats before they reach U.S. soil. Together with Andean Counterdrug Initiative (ACI) funds, INCLE funding will strengthen the ability of key drug source and transit states to destroy drug crops on the ground; to disrupt and dismantle drug production and trafficking operations and organizations, arrest their leaders, and seize their assets; and to tighten border security against drug traffickers and human smugglers and traffickers, terrorists, and other criminal groups. Internationally, the Department of State (DOS) will work closely with other countries to set anti-drug and anticrime standards, agree on collective actions, close off safe havens for drug, crime, and terrorist groups, fight corruption, and provide training as well as technical assistance to foreign law enforcement partners. DOS will partner in these activities with other USG agencies and with both international organizations and non-governmental organizations (NGOs).

Recent program successes include:

**Combating Money-laundering and Terrorist Financing** - INCLE funds have helped produce needs assessments or provided technical assistance to 19 of the 25 priority terrorist financing countries. INCLE assistance programs have also helped “graduate” 20 of the 23 countries on the Financial Action Task Force (FATF) list of non-cooperative countries and territories by improving their anti-money laundering performance. The Tri-Border anti-terrorist initiative has resulted in the drafting of new legislation, the establishment and enhancement of financial intelligence units (FIUs), and dramatically improved cooperation between the three affected countries. In 2005, INCLE funds enabled the establishment of Trade Transparency Units (TTUs) in the three Tri-Border countries (Paraguay, Argentina and Brazil). TTUs, analogous to financial intelligence units, uncover major disparities in trade data that enable law enforcement to investigate and prosecute for fraud, tax evasion and money laundering. Because the use of fraudulent trade documents is a primary method of the underground banking business system (hawaladars) settling their debts, TTUs will also play a key role in assisting the United States and its partner countries in thwarting the use of hawala to fund terrorist organizations. INCLE funds also provided for establishment of the Pacific Anti-Money Laundering Program (PALP) - a four year program modeled after the successful Caribbean Anti-Money Program. The PALP employs a team of resident expert mentors that provides regional and bi-lateral assistance to the 14 non-FATF member states of the Pacific Island Forum. In

addition, the Department-funded UN Global Program on Money Laundering Computer-Based Program has been widely acclaimed and is currently being translated into Spanish, French, Russian and Chinese.

- **Promoting U.S. and International Security Afghanistan** - As part of U.S. and international efforts to strengthen Afghan security and stability by rebuilding the national police, FY 2005 and 2006 assistance enabled the USG to continue to enhance and expand the curriculum included in the training program and complete training of more than 55,000 police by the end of 2006. In addition, DOS deployed 100 mentors to the field to support two new critical initiatives—the Field Training Officer and Mentoring program. Finally, 2005 and 2006 assistance enabled us to expand our work on the Ministry of Interior reform program to include a major pay, rank reform and anti-corruption initiative. The area of opium poppy cultivation in Afghanistan dropped 48 percent in 2005, although the potential opium derived only dropped 10 percent due to favorable weather conditions.
- **Undertaking Critical work with Pakistan to Strengthen Institutions and Security** - As part of the global war on terrorism and designation as a Major Non-NATO ally, Pakistan demonstrated its commitment to combat transnational threats, such as terrorism, organized crime, and narcotics trafficking. Pakistan is making noteworthy progress toward sealing a porous 1,500-mile border with Afghanistan against infiltration by drug traffickers, terrorists, and other illegal armed groups, through the use of helicopters and fixed-wing aircraft. Moreover, Pakistan border guard units have been steadily expanding their surveillance of border areas and have increased both the number and effectiveness of their counter-drug and counter-insurgency operations.
- **Protecting our Border and Working with Mexico to Partner against International Threats** - We continued the focus on breaking up major drug trafficking organizations and established new mechanisms to increase security along our common border. Programs continue to support Mexico's steps to modernize its justice sector while significantly improving our ability to coordinate at the operational level. We have purchased 20 state-of-the-art Non-Intrusive Inspection Equipment (NIIE) machines for the Mexican Customs Department which, within months of installation, have aided in the seizure of millions of drug dollars in cash. The \$1 million machine at the Mexico City Airport, for example, seized over \$20 million in CY 2005. We also installed the Advanced Passenger Information System (APIS) in Mexico, a \$4 million communications system to screen passengers on flights between Mexico and the United States; within one week of operation, a "hit" led to the arrest of a fugitive by the U.S. Marshals Service. In the first 16 months of operation, APIS resulted in over 1,200 hits---203 represented fugitives sought in the U.S. for homicide, robbery, kidnapping, drugs, money laundering, assault, and extortion. Other cases of interest included possible terrorists, missing juveniles, fugitives wanted by international law enforcement agencies, and fraudulent passport holders.
- **Combating Trafficking in Persons** - As a part of the fight against trafficking in persons, INCLE funds supported training and technical assistance to foreign governments, civil society and non-governmental organizations to increase arrests and prosecutions of traffickers as well as improve legal advocacy for victims. Between FY 2002-2005 in approximately 58 countries, police, prosecutors, border officials, and judges received training and technical assistance to recognize trafficking, improve interview techniques, and build and manage trafficking cases. In addition, INCLE funds supported 18 projects promoting regional law enforcement cooperation on trafficking in persons and 16 global projects related to research and prevention awareness programs targeted at government officials and non-governmental organizations.
- **Fighting Corruption that Undermines U.S. Economic Interests and Security** - The Department led successful negotiations in 2002 and 2003 to develop the UN Convention against Corruption, the first global treaty against corruption and the new international standard for building an effective

anticorruption regime, and is beginning to provide technical and diplomatic support to promote its acceptance and implementation. Recent efforts include supporting regional anticorruption mechanisms that complement our efforts with the UN Convention. The Department is also supporting programs in Asia, Africa and Latin America that promote acceptance and action relating to the recently-developed “No Safe Haven” policy, and is funding efforts to increase transparency in procurement and public finances and strengthen anticorruption investigative capacity in four G-8 Anticorruption and Transparency Compact countries: Georgia, Nicaragua, Nigeria and Peru.

**Fighting the Multi-Billion Dollar Theft from U.S. Companies by International Intellectual Property Rights Piracy** - The State Department designed and implemented the first global comprehensive training and technical assistance program to combat violations of intellectual property rights in foreign nations. In collaboration with other USG agencies, these programs are providing nations/regions with the law enforcement training necessary to enforce intellectual property laws. Additionally, the programs are building capacity for foreign law enforcement officers, prosecutors, and members of the judiciary to arrest and prosecute criminals who violated intellectual property laws.

**International Narcotics Control and Law Enforcement**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Liberia	5,000	990	800
Nigeria	2,232	990	400
South Africa	1,756	594	500
Africa Regional	1,512	594	500
Sudan	-	-	9,800
Women's Justice Empowerment Initiative	1,200	-	9,500
<b>Subtotal - Africa</b>	<b>11,700</b>	<b>3,168</b>	<b>21,500</b>
<b>East Asia and the Pacific</b>			
East Timor	-	1,485	-
Indonesia	-	4,950	4,700
Laos	1,984	990	900
Philippines	3,968	1,980	1,900
Thailand	1,608	990	900
<b>Subtotal - East Asia and the Pacific</b>	<b>7,560</b>	<b>10,395</b>	<b>8,400</b>
<b>Europe and Eurasia</b>			
Malta	2,976	-	-
<b>Subtotal - Europe and Eurasia</b>	<b>2,976</b>	<b>-</b>	<b>-</b>
<b>Near East</b>			
Iraq	-	-	254,600
Morocco	2,992	990	1,000
<b>Subtotal - Near East</b>	<b>2,992</b>	<b>990</b>	<b>255,600</b>
<b>South and Central Asia</b>			
Afghanistan	89,280	232,650	297,390
Afghanistan SUP	620,000	-	-
Pakistan	32,150	37,620	25,500
<b>Subtotal - South and Central Asia</b>	<b>741,430</b>	<b>270,270</b>	<b>322,890</b>
<b>Western Hemisphere</b>			
Bahamas	992	495	500
Guatemala	2,820	2,475	2,200
Haiti	-	14,850	10,000
Jamaica	1,488	990	900
Mexico	39,680	39,600	39,000
Caribbean and Central America Regional	-	-	1,700
Latin America Regional	3,224	2,475	-
Southern Cone Regional	-	-	500
<b>Subtotal - Western Hemisphere</b>	<b>48,204</b>	<b>60,885</b>	<b>54,800</b>

**International Narcotics Control and Law Enforcement**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Global</b>			
Anticorruption	6,746	-	-
Anticrime Programs	8,333	10,395	14,500
Asia Regional	496	-	-
Civilian Police Program	2,678	1,980	2,000
Demand Reduction	9,920	9,900	1,900
International Law Enforcement Academies	12,734	15,840	17,000
International Organizations	5,000	3,960	5,400
Interregional Aviation Support	66,620	62,865	65,500
Program Development and Support	13,850	16,830	19,000
Systems Support and Upgrades	694	-	-
Trafficking in Persons	4,960	4,950	7,000
United Nations Crime Center	496	-	-
<b>Subtotal - Global</b>	<b>132,527</b>	<b>126,720</b>	<b>132,300</b>
<b>Total</b>	<b>947,389</b>	<b>472,428</b>	<b>795,490</b>

**Africa**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
INCLE	11,700	3,168	21,500

*Liberia (\$0.8 million)* – Continuing to strengthen Liberia’s law enforcement capacity is a key U.S. priority. INCLE funds will continue to assist Liberia to develop a credible and competent police force. These funds will support police advisers to provide technical assistance for the Liberian National Police, specializing in community policing techniques, trafficking in persons cases, and domestic violence investigations. Funds will also provide essential equipment for training purposes.

*Nigeria (\$0.4 million)* -Sophisticated and entrenched, Nigerian criminal organizations are transnational in scope and have a direct impact on the United States. INCLE programs in Nigeria are designed to achieve key U.S. foreign policy objectives of improving the performance of the criminal justice sector, strengthening democratic institutions, and protecting the United States against international crime. Requested funding will be for salaries, benefits, and allowances for a Section Chief and office staff, who will be responsible for overseeing programs that provide assistance in counternarcotics, police modernization, and financial crime. Several programs, previously funded, are in the early stages of execution and require supervision to oversee their successful implementation.

*South Africa (\$0.5 million)* - South Africa is an anchor for stability and prosperity in the Southern African region and is a catalyst for encouraging other African countries to address crime, terrorism and immigration threats. Assisting South Africa on law enforcement and judicial issues addresses U.S. priority goals of supporting a stable and prosperous South Africa, fighting transnational security threats and creating a favorable climate for investment in the region. FY 2007 funding will be used for salaries, benefits, and allowances for a Section Chief and office staff. The section chief is responsible for overseeing INCLE programs in South Africa, which provide assistance to the Johannesburg Police, immigration and border control, and financial crimes. Several programs, previously funded, are in the early stages of execution and require the supervision of a senior officer to oversee their successful implementation.

*Sudan (\$9.8 million)* - The USG will support the implementation of the Comprehensive Peace Agreement (CPA) by assisting the Government of Southern Sudan (GOSS) to establish, train, and develop the institutional capacity of the police and criminal justice system, including corrections, in Southern Sudan. Lack of continued peace and increased capacity to provide public and personal security will seriously impede the international humanitarian response and long-term development goals in Sudan. Creation of a credible, competent, and democratic police force in Southern Sudan is essential to public order and public confidence in the GOSS. Establishment of a criminal justice system in Southern Sudan that is transparent, accessible, respectful of human rights and due process, is critically important to a stable future throughout Sudan.

- Crime Control - Requested funds will support up to 20 U.S. police for deployment to the UN Mission in Sudan (UNMIS) and assist with the development of the new GOSS police service in the South among other duties. U.S. police will advise, mentor and train the police in Southern Sudan and provide assistance with curriculum preparation and development of police training facilities in the South.
- Police Development - These funds will allow a program manager (PM) to be placed in Juba or at the Embassy in Khartoum to oversee the FY 2007 program, coordinate with other partners in the South (USAID, UN, UK, etc.) and act as liaison between the Embassy in Khartoum and DOS/INL in Washington. Funds will enable the PM to provide specialized technical assistance, procure essential equipment, and develop/improve infrastructure through contractor support for the police in Southern Sudan. A police advisor/expert will provide technical assistance for the GOSS in Juba on managing



command and control of the police in Southern Sudan and amalgamating the police in garrison towns with the Sudan People's Liberation Movement (SPLM) police in the South.

- Justice Reform - Coordinating closely with USAID and the United Nations, requested funds will support criminal justice reform in Southern Sudan and ensure that legal development takes place along with police reform. Such support may include legal advisors and technical experts; training for attorneys, judges, or other justice personnel; and infrastructure and equipment support. Assistance will focus on assisting Sudanese criminal justice officials with development of specific laws, policies and procedures to improve the effectiveness of all components of the criminal justice system (police, courts, corrections). Targeted courts and/or training centers will receive equipment, as needed.
- Correctional Development - One correctional expert from the U.S. will work closely with Sudanese and UN officials to develop a strategy for correctional reform. The U.S. correctional expert will advise and train correctional personnel at all levels, including those engaged in management, supervision and facility operation; and assist with the development and administration of Sudanese facilities that meet international standards for human rights. Funds will provide essential equipment for correctional staff and infrastructure development for select correctional facilities in Southern Sudan.
- Program Development and Support - Program development and support funds are used for the salaries, benefits, allowances and travel of direct hired and contract U.S. and foreign national personnel, residential leasing, ICASS costs and other general administrative and operating expenses for counter narcotics and anti-crime program planning, design, implementation, monitoring and evaluation.

*Africa Regional (\$5 million)* - Criminal activities throughout Africa corrupt and weaken governments, sap precious resources, and undermine democratic reform, economic growth and foreign investment. INCLE-funded crime and drug programs in West, Southern and Eastern Africa (Ghana, Mozambique, Tanzania, and Uganda) support the development of professional and sustainable law enforcement and criminal justice institutions. By making Africa less attractive to criminal elements, INCLE programs foster the rule of law, forming the bedrock upon which the USG's broader goals of democracy and prosperity rest. Requested funds will provide training, technical assistance and equipment to combat illegal migration and trafficking in people, narcotics and other contraband; and to develop democratic policing with an emphasis on human rights and ethics.

Sustainable and institutional reform of law enforcement and criminal justice sectors will be supported through modernizing teaching curricula and teaching methodologies at law enforcement academies and through organizational change management. Law enforcement development in Mozambique will utilize the train-the-trainer approach, in-service professional development and community policing. Forensic laboratory programs in Tanzania and Uganda will continue to receive training, technical assistance and resource upgrades. In Ghana, funds will provide training in advanced investigative techniques, and airport and seaport interdiction to the Narcotics Control Board.

*Women's Justice & Empowerment Initiative (WJEI) (\$9.5 million)* - The WJEI is a \$55 million, 3 year Presidential initiative to promote women's justice and empowerment in four African nations- Benin, Kenya, South Africa and Zambia. This initiative will work to advance the initial efforts of these countries to combat sexual violence and abuse against women and empower them in society. DOS/INL is responsible for the criminal justice development aspect of the initiative. We are requesting \$9.5 million in FY 2007 to provide training, technical assistance and equipment needed to achieve the goals of strengthening: the capacity of the police to investigate reports of abuse and arrest; the court system's capacity to prosecute offenders; and laws supporting women's justice and empowerment. DOS staff in Pretoria will oversee and evaluate the criminal justice system elements of the Women's Justice and Empowerment Initiative (WJEI) in South Africa and possibly Zambia.

## East Asia and the Pacific

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
INCLE	7,560	10,395	8,400

*Indonesia (\$4.7 million)* - Indonesia, the largest Muslim country in the world, is a center of transnational criminal activity and home base for international terrorist groups that threaten the region, U.S. allies, and the United States. Indonesia recognizes the need for and has requested assistance with police recruitment and training, marine police reform, environmental crimes, cybercrime and financial crimes, drug law enforcement and criminal justice reform. Funding will focus on training, technical assistance and equipment that will support the development of the Indonesian Marine Police into modern and effective civilian forces respectful of the rule of law and human rights. Requested funding will support the Indonesian National Police's efforts to build organizational capacity and sustainability, improve and expand their entry level and in-service training for maritime law enforcement officials, and establish protocols for sharing of intelligence and cooperation between the Marine Police and other Indonesian and regional law enforcement agencies. Funding will also support a precursor chemical control program that will develop a unified automated system for the tracking of precursor chemicals that have a potential for diversion to illicit purposes.

*Laos (\$.9 million)* - Despite tremendous success in reducing poppy cultivation, Laos is still a major producer of illicit opium and has the potential to easily regain its position as the world's third largest grower of crop control programs falter. INCLE funds will support the successful alternative development programs that are bringing opium under control. These will include addict detoxification, crop substitution, education outreach, vocational training, ecotourism development, and small infrastructure projects in select areas where cultivation is still a problem. Amphetamine Type Stimulant (ATS) abuse is exploding throughout Laos. INCLE funds will also support a modest demand reduction program to promote ATS awareness and provide limited support to addict treatment centers.

*The Philippines (\$1.9 million)* - As a strategic ally, the Philippines lie at the crossroads of the global wars on terror and drugs. Weaknesses in the Philippines law enforcement and judicial sectors hamper its ability to combat terrorism and other transnational crimes. Building on a successful Law Enforcement Assessment, FY 2007 funds will address fundamental institutional weakness by continuing to develop long-term and sustainable civilian law enforcement capacity, improving police-prosecutorial cooperation, and supporting Government of the Republic of the Philippines (GRP) efforts to strengthen respect for the rule of law. Funds will be used to provide resident technical advisors and training programs for target groups of law enforcement officers, prosecutors and jurists. Programs to improve the quality and transparency of civilian rule of law in Mindanao through assisting the Philippine National Police (PNP) with strategic planning, competency-building and sustainable training programs of PNP personnel will continue.

*Thailand (\$.9 million)* - Thailand is a key partner with the U.S. and a leader in efforts against drugs and crime, though it remains a hub of transnational criminal activity. Despite demonstrated long-term success against narcotics production and trafficking, its criminal justice, regulatory and investigative capabilities are inadequate for the challenges of 21st century transnational and organized crime. Funding will support the establishment and initial operation of a new criminal investigative institution responsible for investigating most non-drug serious transnational and organized crime. Support will include training courses and technical assistance with organizational development by U.S. federal law enforcement agencies, including the FBI. The development of this institution will allow the U.S. Government counterparts to better able to work with the Thai law enforcement to solve crimes affecting USG interests, business and otherwise.

## Near East Asia

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
INCLE	2,992	990	255,600

*Iraq (\$254.6 million)* - Eight components advance ongoing rule of law programs in Iraq. These components will collectively develop and harmonize both an effective and efficient means for sustaining an integrated process of justice within civil law and based on human rights for the Government of Iraq. The INCLE programs will:

- strengthen human rights enforcement in the Iraqi criminal justice system
- promote the integration of police, courts and prisons
- continue development of public integrity codes of conduct and anti-corruption laws
- develop legal assistance centers and increase public understanding of the justice system
- initiate a public prosecutor development program
- provide courthouse infrastructure and security enhancements
- provide corrections advisors to the Iraq criminal justice system
- fund INL administration and oversight costs for Iraq

Human Rights within the Criminal Justice System (\$15 million) - Funding will be used to build capacity within the Iraqi justice system to protect and promote human rights. This will include strengthening internal monitoring, reporting and enforcement systems within the Ministry of Interior (MOI) and Ministry of Defense (MOD). Programs are planned to include human rights education and training for legal professionals, police and personnel under authority of MOI, MOD, MOJ and the Higher Juridical Council (HJC). Plans also call for inclusion of anti-torture campaigns and education for human rights NGOs on monitoring and reporting on human rights abuses in the justice system. This initiative will enhance our previous efforts to support the Ministry of Human Rights (MHR) in the promotion of public consultation on related human rights issues. The USG would fund salaries for implementing personnel (\$9M) and support costs (\$6M) in the form of international and in-country secured transportation (fully and up-armored vehicles), maintenance and fuel, lodging, food and personal security protection services.

Criminal Justice Integration (\$25 million) - Funding will be used to build upon existing efforts to strengthen Iraqi capacity to integrate police, courts and prisons. Funding will expand implementation of the pilot criminal justice information system in the Central Criminal Court of Iraq (CCCI) to other key USG priority locations. We will hold national and regional training sessions for police, judges and prisons officials on integration, information sharing and improved methods for coordination. This initiative will enhance the previously established inter-ministerial commission comprised of the Minister of Interior (MOI), the Minister of Justice (MOJ), the President of the Higher Juridical Council (HJC), Minister of Labor and Social Affairs (MOLSA) and the Minister of Human Rights (MHR), and its efforts to develop and harmonize criminal justice policy and procedures within the judicial process, thus underscoring judicial independence, transparency, and accountability. The USG would fund salaries for implementing personnel (\$10M), preparation and printing of materials as well as training equipment (\$9M), and support costs (\$6M) in the form of international and in-country secured transportation (fully and up-armored vehicles), maintenance and fuel, lodging, food and personal security protection services.

Public Integrity Program (\$18 million) - Funding will be used to build an environment within which public accountability is the rule and public corruption becomes anathema to Iraqi society. Funds will also assist the Government of Iraq to implement and, where needed, draft anti-corruption laws, regulations and codes of conduct consistent with its new Constitution and applicable on a mandatory basis to all civil servants. In

turn, this will serve as a guide for the private sector for selected positions, periodic financial disclosure, and security clearances, to include polygraph examinations. Requested funds will continue development of the Commission on Public Integrity in receiving and investigating complaints of public corruption and, as appropriate, criminally prosecuting those cases, as well as to develop civic education programs to promote integrity in public administration and private transactions, including available mechanisms for enforcing Iraq's public integrity laws. Training and technical assistance will be given to all Iraqi ministries in ethical public administration practices, anti-corruption laws and enforcement mechanisms, and the benefits of adherence to the rule of law to promote effectiveness, transparency and integrity in governance. This initiative underpins the democratic belief that public officials are not above the law and, in fact, have the direct responsibility to set the proper example for the people of Iraq. The USG would fund salaries for implementing personnel (\$8M), preparation and printing of materials as well as training equipment (\$5M), and support costs (\$5M) in the form of international and in-country secured transportation (fully and up-armored vehicles), maintenance and fuel, lodging, food and personal security protection services.

Rule of Law Outreach Program (\$50 million) - Funding will be used to strengthen Iraqi capacity to provide legal assistance through the court system and community-based organizations (NGOs). This project will develop legal aid centers, and train Iraqis to educate citizens on their rights in the justice system. Iraqis will also be trained on how to navigate the court system, the proper roles of judges, police and prisons officials, and other aspects that increase the public's understanding of their rights and the justice system. This improved capacity will provide for the fair representation of all those exposed to the judicial prosecution process. It supports the democratic notion that one is presumed innocent and has the inherent right to a defense when accused of criminal misconduct. The USG will pay for the salaries of the personnel developing and implementing training programs (\$25M), for preparation and printing of materials and purchase of training supplies and equipment (\$8M), for purchase of public media time and acquisition of public informational materials (\$7M) and for support costs in the form of international and in-country secured transportation (fully and up-armored vehicles), maintenance and fuel, lodging, food and personal security protection services (\$10M).

Provincial Public Prosecutor Development Program (\$14 million) - Ten additional legal advisors will work in key USG priority locations throughout Iraq to strengthen provincial justice systems. The legal advisors will identify and address problems that interfere with proper functioning of the justice system. They will train, mentor and advise Iraqi judges, judicial investigators, police investigators and others working within the justice system to enhance criminal case processing. They will provide advice and guidance to military and civilian personnel working on rule of law in Iraqi provinces. This initiative takes the accomplishments to date within Baghdad and extends its success to the governing provinces. The USG will pay the salaries of the personnel developing and implementing training programs (\$6M), for preparation and printing of materials and purchase of training supplies and equipment (\$3M), and for support costs in the form of international and in-country secured transportation (fully and up-armored vehicles), maintenance and fuel, lodging, food and personal security protection services (\$5M).

Courthouse Infrastructure/Security (\$93.6 million) - Funding will be used to bolster court and judicial security through court building improvements, security equipment, and training of judges and judicial protection personnel throughout Iraq. Current Iraq Court administration capacity is a significant inhibitor to our targeted integration of Rule of Law. The USG will pay the salaries of the personnel developing and implementing training programs (\$12M), for preparation and printing of materials and purchase of training supplies and equipment (\$5M), and for support costs in the form of international and in-country secured transportation (fully and up-armored vehicles), maintenance and fuel, lodging, food and personal security protection services (\$6M). Additionally, as assessed by construction engineers on a case by case basis, \$70.6M will be used to pay for security enhancements in the form of detention cells, judicial protection systems and others security features to improve and secure court facilities.

Fund Corrections Program (\$31 million) - Funds will be used to continue building capacity of the Iraq Criminal Justice System to properly and securely detain arrested persons awaiting trial and sentencing, as well as those who have been properly sanctioned by an Iraqi Court in a manner consistent with commonly accepted human rights principles. Funds will also add additional U.S. corrections advisors and interpreters to continue institutional development of Iraq Correctional Service (ICS) through selection, training and mentoring of ICS personnel at all levels, and educate correctional officials regarding the necessity for close cooperation with civilian police, prosecutors/investigative judges, trial and appellate judges, and court administrators. The USG will pay the salaries of the personnel developing and implementing training programs (\$21M), for preparation and printing of materials and purchase of training supplies and equipment (\$1M), and for support costs in the form of international and in-country secured transportation (fully and up-armored vehicles), maintenance and fuel, lodging, food and personal security protection services (\$9M).

Protection of Judges (\$1 million) - Requested funds will address threats and attacks on judges by criminals and insurgents. These funds will provide increased personal security for judges, secure travel and access to offices and courts, additional courtroom security, and improved screening of individuals attending judicial proceedings.

Administrative Oversight (\$7 million) - Funds will pay for Program, Development and Support (PD&S) at post, which includes: salary costs for 20 full-time equivalent staff (FTE) assigned to Embassy Baghdad, and additional program support provided by contractors and local personnel; personnel expenses for State Department Direct hire staff (both civil service and foreign service), in both Washington, DC and in Baghdad, for management support, budget support, financial support, and program analysis; travel expenses for direct hire staff and contractors directly involved in management oversight of the Iraq Criminal Justice Development Program; and information technology expenses and contractor support services costs in Washington, DC in direct support of management oversight.

*Morocco (\$1 million)* - U.S. support for Morocco as a stable, democratizing, and liberalizing Arab Muslim nation is consistent with our National Security Strategy to strike at the roots of terrorism and improve America's image in the Muslim world. INCLE funds will be directed towards our continued efforts in assisting Morocco improve its border control security. Funds will provide equipment, technical assistance and training to counter illegal migration, human smuggling, narcotics production and trafficking.

**South Asia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
INCLE	121,430	270,270	322,890
INCLE-SUP	620,000	-	-

*Afghanistan - (\$297.39 million)*

Counternarcotics - Afghanistan remains the world's largest producer of illicit opium. Despite a 48 percent drop in opium poppy acreage and a 10 percent reduction in opium produced, the 2005 crop was the second largest on record. The drug trade undermines central government authority and contributes to instability. FY 2007 funding will support programs in three critical areas: counternarcotics and related law enforcement, and administration of justice.

Working in close coordination with the Government of Afghanistan and the United Kingdom, INCLE-funded programs will seek to reduce opium poppy cultivation, strengthen counternarcotics law enforcement, and increase Afghan government coordination and oversight of national drug policy and programs.

Funding will support:

- opium poppy elimination and manual eradication programs,
- drug enforcement interdiction,
- demand reduction programs,
- a national anti-drug campaign, and
- drug control capacity building.

Funding for the poppy elimination and eradication programs will provide for salaries, living/operating expenses, personnel force protection, equipment, transportation, and training of teams to promote planting of licit crops and to eradicate opium poppy that is grown.

Funds will also provide assistance to Drug Enforcement Agency-facilitated drug interdiction efforts, including, when feasible, providing helicopter airlift for raids, as well as training and equipment support for the Narcotics Interdiction Unit and its parent Counternarcotics Police of Afghanistan.

A national anti-drug campaign will reinforce Muslim strictures against narcotics focused on farmers in the 18 provinces producing 90 percent of the opium. Requested funds will help fund community-based demand reduction programs aimed at rehabilitation and anti-drug education through schools and other community activities. Finally, funds will be used to continue to support institutionalization of counternarcotics capacity building, including the Ministry of Counternarcotics.

Justice Sector - DOS's role in restoring the rule of law in Afghanistan is vital to ensuring stability, promoting human rights, deterring crime, and encouraging economic growth. Three foundational objectives in the justice sector are: development of the institutional capacity of the permanent justice sector institutions; development of the operational capacity of criminal justice sector actors to fairly and transparently investigate crimes and prosecute/punish offenders; and professionalization of justice sector personnel.

FY 2007 funds will enable the USG to continue to work with the Government of Afghanistan and the rest of the International Community to strengthen the rule of law throughout Afghanistan as well as provide support for the development of the corrections system.

Funds will support:

- A comprehensive criminal justice reform program including institutional development and infrastructure support programs for Kabul and the provinces;
- Advisory assistance to the Ministry of Justice, Attorney General's Office, and Ministry of Interior and other justice institutions;
- Specialized training for judges, prosecutors, defense counsel, and investigators on issues such as counternarcotics, trafficking, and corruption;
- Assistance for legal licensing organizations, legal aid centers, and general professionalization of the legal sector;
- Assistance for the reintegration of women into the legal system.

Funds will also be used to continue to support the development of the corrections system through a comprehensive reform and support program: to provide training and mentoring for correctional personnel that emphasizes human rights; to provide infrastructure support; and to support institutional capacity projects within the Ministry of Justice addressing salaries, systems management, and a prisoner tracking system and database.

*Pakistan (\$25.5 million)* - Pakistan is a critical ally in the war on terror. Its 2500-mile border with Afghanistan and Iran runs through remote mountainous and desert terrain that is easily exploited by terrorists, drug traffickers, and other criminals. Law enforcement institutions currently lack the capability to adequately investigate the serious threats posed by terrorists and other extremists. At the same time, resurgent opium poppy cultivation in Pakistan -- due in part to massive cultivation in neighboring Afghanistan -- must be eradicated before its economic impact becomes too deeply rooted.

FY 2007 funding will build upon the successful implementation of prior year programs in three areas: border security, law enforcement, and counter-narcotics. Funds will be used to construct roads in the Federally Administered Tribal Areas to expand the presence of Pakistani security forces in previously inaccessible terrain. Some limited commodities such as vehicles, communications equipment, and long-range optical devices will be provided to civilian border agencies. Beneficiaries will include the Ministry of Interior, the Anti-Narcotics Force, the Frontier Corps, the Federal Investigative Agency, the Home Departments, and provincial police forces.

Bridging the worlds of counter-terrorism and counter-narcotics, core funding will provide ongoing maintenance, support, and operating costs for the USG-established Ministry of Interior Air Wing based in Quetta, Balochistan province to conduct anti-terrorism and counterdrug missions.

Technical assistance, training and equipment for Pakistani law enforcement authorities will be provided to increase investigative and forensic skills, build accountability, and develop internal controls and leadership skills. Likewise, implementation of the Automated Fingerprint Identification System and national criminal information databases funded in previous years will be expanded. To reduce opium cultivation, FY 2007 funds will continue alternative crop programs into non-traditional growing areas, poppy crop control, and demand reduction efforts through a public awareness campaign.

## Western Hemisphere

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
INCLE	48,204	60,885	54,800

Most drugs reaching the United States come from South America through Central America/Mexico (the Eastern Pacific or Western Caribbean routes) and the Caribbean. In the 2004-2005 time period, maritime trafficking through Central America/Mexico routes constituted up to 90 percent of the flow, and will likely remain the focus of USG interdiction efforts for several years. INCLE funds aim to disrupt the flow to enable partner nations to interdict loads, capture and prosecute traffickers, and to seize and affect forfeiture of the proceeds of drug trafficking and organized crime.

*The Bahamas (\$5 million)* - Funds will be used to continue support for Bahamian Police participation in Operation Bahamas Turks and Caicos (OPBAT) program through training and technical assistance.

*Guatemala (\$2.2 million)* – Guatemala’s geographic position and extensive Peten jungle area make it a magnet for narcotics transshipment. The fight against this and other transnational crimes is complicated by the ongoing fight against corruption and the additional challenge of youth gangs and associated crime. An estimated 70 percent of drugs destined for the United States go through the Central American corridor, particularly Guatemala, before entering Mexico. INCLE funds will provide training, equipment, and other support to the Anti-Narcotics Police, the prosecutors of the Public Ministry, and the Guatemalan Government demand reduction organization, the Executive Secretariat for the Commission Against Addiction and Drug Trafficking, to improve their ability to detect, capture, interdict and prosecute drug traffickers. Funding will also support eradication of opium poppy and marijuana. The Government of Guatemala has shown the political will to combat corruption, but needs the tools to do so. Requested funding will support special prosecution units (anti-narcotics, anti-corruption and anti-money laundering) in coordination with USAID’s judicial reform efforts. Funds will also support a multi-agency strategy to address the problem of youth gangs.

*Haiti (\$10 million)* - Reforming the criminal justice system is one of the keys to stability and economic development in Haiti. Funds will be directed to enhance the accountability, functioning, and training capacity of the Haitian National Police (HNP), in coordination with the United Nations and donors. Funds will assist in the vetting, selection and training of new HNP recruits, vetting and training of existing officers, provision of equipment and infrastructure repairs to facilitate mobility and communications, continuation of the development of a forensics and investigative capacity, and support for police reform, adherence to proper policies and procedures through the model station program and police accountability. INCLE funds will also be used to contribute up to 30 U.S. police officers to the civilian police component of the UN Mission in Haiti (MINUSTAH) to assist training, vetting, monitoring, and advising the new Haitian National Police. Funding will continue the ongoing effort aimed at restoring the logistical and maintenance capacity of the Haitian Coast Guard (HCG). Requested funds will be directed toward equipping and training the HCG for maritime drug operations. In addition, funds will support Drug Enforcement Agency’s Special Investigative Unit, as well as the efforts of the Government’s Financial Investigative Unit to combat money laundering and corruption.

*Jamaica (\$9 million)* - Funds will provide equipment and training for a vessel maintenance program for the Jamaican Defense Force Coast Guard and support an expanded Customs Contraband Enforcement Team and the Jamaican Constabulary Force’s Fugitive Apprehension Team, Narcotics Division Counter-Drug Special Investigative Unit, and the National Intelligence Bureau. Requested funding will also assist in strengthening the Government of Jamaica's ability to counter public corruption, increase seizures of



precursor and essential chemicals being diverted for the manufacture of drugs, help facilitate the extradition to the U.S. of fugitives from U.S. justice, as well as provide limited funding for drug awareness and demand reduction programs in Jamaica. Finally, the funding will also be used for the newly created Airport Interdiction Task Force, which is a multi-national task force that targets illegal human and drug trafficking through Jamaica's international airports.

*Mexico (\$39 million)* – Mexico remains a critical ally in combating drug trafficking and other organized crimes aimed at the United States. Over 90% of the South American cocaine and heroin destined for U.S. drug markets flows through the Central America/Mexico corridor; most of this is via maritime conveyance to Mexico and then overland through Mexico and across the 2000-mile U.S.-Mexico border. In addition, Mexico is a major provider of heroin and the principal foreign source of methamphetamines and marijuana. Mexican government cooperation is critical to U.S. border security efforts and, therefore, critical to our domestic security. Effective partnership relies on law enforcement competence and mutual confidence. INCLE programs will focus heavily on promoting reform and modernization within Mexico's criminal justice and security sector institutions. Operational support will be directed to ongoing successful cooperative efforts to dismantle major trans-border drug trafficking groups and related threats. These activities will include such things as providing specialized training, upgrading computer equipment, and improving operational readiness of rapid response units. Attacking the growing problem of methamphetamine production and trafficking will be a priority. To enhance GOM interdiction capacity, funding will be used to upgrade the aging air fleet of the Office of the Attorney General and support the Mexican Air Force's C-26 program. Funds will also be used to support border security projects agreed to under the U.S.-Mexico Border Security Accord and the 2005 US-Mexico-Canada Security and Prosperity Plan (SPP). These include additional procurement of non-intrusive inspection systems, development of a computer information system to screen passengers coming to the United States, border safety training, and construction of designated lanes for pre-cleared low-risk commuters along the border. These efforts directly complement parallel enhancements being made by the Department of Homeland Security on the U.S. side of the border.

*Caribbean and Central America Regional (\$1.7 million)* - Funding will be directed to the drug transit zones of Central America and of the Caribbean. In the Caribbean, programs will go towards improving endgame interdiction capabilities, focusing on interdiction, law enforcement, tactical and operational intelligence gathering and the administration of justice, with an emphasis on sustainability. In Central America, funding will continue to support efforts to modernize justice sector institutions and legal frameworks to allow successful prosecutions of drug traffickers, money launderers, alien smugglers and corrupt public officials. We will also work with governments to address the problem of youth gangs.

*Southern Cone Regional (\$.5 million)* - Bridging growing concerns on both drug trafficking and terrorism, particularly in the Tri-border Area, funding provided to Paraguay will support programs to disrupt cocaine trafficking and improve investigative and prosecutorial efforts aimed at disrupting potential sources of funds for groups, which support terrorists.

**Global**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
INCLE	132,527	126,720	132,300

*Anticrime Programs (\$14.5 million)* - The international crime threat to U.S. national interests is manifest in many areas. Anti-crime programs seek to confront not only dire terrorist challenges but also the unprecedented spread of transnational criminal groups that exploit the vulnerabilities of the global economy to amass illicit wealth using increasingly sophisticated and creative means. Effective international law enforcement cooperation is essential to ensure global stability and protect American communities, businesses and financial institutions. This year’s funding will support institution-building assistance programs and global and regional diplomatic efforts in the following key areas:

Anti-Money Laundering/Terrorist Financing

INCLE programs in FY 2007 will target Administration priorities in addressing terrorist financing and money-laundering threats to the United States. The supported efforts will include vulnerability and needs assessments, technical assistance and training programs for approximately two dozen countries most vulnerable to terrorist financing, as well as countries that are on the Financial Action Task Force (FATF) “non-cooperative” list, such as Nigeria. These comprehensive programs will focus on creating robust anti-money laundering/anti-terrorist financing regimes, law enforcement capabilities and regulatory schemes.

INCLE funding will also support international organizations like the FATF and FATF-style regional bodies, which promote the standard-setting and peer reviews vital to fighting terrorist financing and money laundering, as well as organizations such as the OAS/CICAD and U.N. Global Programme against Money Laundering, that provide anti-money laundering/anti-terrorist financing training and technical assistance to countries and regions.

FY 2007 funding will support the establishment of “FIUs in a Box”, a scaled down version of the sophisticated software used by Financial Intelligence Units (FIUs) in large economies. “The FIU in a Box” is a self-contained set of expandable software that has been provided successfully to six small Pacific jurisdictions at a fraction of the cost for larger FIUs, and enables the new FIUs to fulfill all requisite functions, including sharing information with foreign analogs. INCLE funding also will continue to support the nascent Trade Transparency Units initiative -- modeled on FIUs --to better track and detect the movement of funds by terrorists and other criminals through alternative remittance systems that lie outside the formal financial sector. Requested INCLE funding will also continue to support the Pacific Anti-Money Laundering Program, the regionally-based technical assistance/training program in the Pacific Islands.

Border Controls

INCLE funding is requested to continue to support the work of the counter terrorism committee of the Organization of American States (CICTE) and the requirements detailed in the International Ship and Port Security Code (ISPS). Technical assistance and training will be provided to help shore up porous borders and weak infrastructures in key developing nations. Basic police training will be provided with emphasis given to law enforcement officials with border security responsibilities. Vulnerability assessments will be conducted of significant ports and reports will be prepared detailing their shortcomings and suggested remedies. Port security training will also be conducted.

Alien Smuggling

The smuggling of illegal migrants, which can serve as a vehicle for terrorist entry into the United States, is a major national security concern. INCLE funds for this program will help support the Human Smuggling

and Trafficking Center, a joint State/Justice/Homeland Security fusion center and information clearinghouse established by Congress under Section 7202 of the Intelligence Reform and Terrorism Prevention Act of 2004. The Center will continue to collect, analyze, and disseminate intelligence and other information to facilitate coordinated international law enforcement efforts against illegal alien smuggling and trafficking in persons.

The Center will continue to submit the required reports to Congress. The first is a report on the status of implementation of the Center with information identifying staffing and resource needs. The second is an annual strategic assessment of vulnerabilities in the United States and foreign travel systems that can be exploited by terrorists, alien smugglers, traffickers, and their facilitators. Enactment of the Trafficking Victims Protection Reauthorization Act, which is expected during FY 2006, will require an annual report to Congress on links between trafficking in persons and terrorism, including links between the proceeds of trafficking and terrorist finance. In addition, the Center will produce strategic assessments and reports of special interest.

#### Crimes Involving Information Technology, including Intellectual Property Rights and Cyber Crime

This assistance is particularly important given the growing losses faced by U.S. economy due to intellectual property piracy and computer crime. INCLE funds will be used to sustain and expand comprehensive programs in Asia, Africa, and Latin America that help governments institute and implement effective anti-piracy regimes. Assistance will be strategically targeted to problem areas of the world, and will focus on building, as necessary, core components of an anti-piracy regime, including the legal framework, enforcement capacity, government-industry relationships, international cooperation and public awareness. INCLE funds will also support initiatives that provide training and technical assistance to assist nations and regions to combat the inherent cross-border nature of cyber crime. Rising levels of Internet and network connectivity, and a concomitant rise in cyber crimes, require the development of robust multilateral and bilateral initiatives to support political will and build capacity in nations and regions that require law enforcement assistance to meet their needs.

#### Anticorruption

Any effective anti-crime/anti-terrorism program must also attack corruption. As part of the President's anticorruption foreign policy goals, INCLE funds will support several international frameworks (including at the UN, Council of Europe, OAS) to promote implementation of anticorruption commitments made by over 60 governments. This includes promoting international implementation of the new UN Convention against Corruption, the new global standard that entered into force in December 2005, and the "No Safe Haven" policy for corrupt public officials. Funds will also be used to support the G-8 Anticorruption Compacts announced by President Bush and G-8 leaders at the Evian and Sea Island summits in 2003 and 2004. Four countries – Peru, Nicaragua, Georgia, and Nigeria – have entered into such Compacts and, along with G-8 and other donors, have begun to identify and take concrete actions in several areas considered key to preventing corruption and increasing transparency, including the management of public finances, public procurement, and engaging civil society. The Department began providing assistance under these Compacts with FY 2005 funds, and FY 2007 INCLE funds will be used to finalize the program in the initial four Compact countries.

*Civilian Police Program (CIVPOL) (\$2 million)* - Requested funds will be used to continue to develop the capacity of the U.S. to sustain basic capacity in three existing contracts to recruit and prepare well qualified individuals to train, equip, deploy, and serve as U.S. advisors and trainers in peacekeeping missions and complex security operations and to improve planning and deployment capabilities (e.g., assessment teams, advance teams, and technical advisors) for quick and effective post-conflict response on criminal justice issues. The FY 2007 program will also fund a training coordinator and police advisor, as well as a position established at the U.S. Mission in New York responsible for working with the U.N. Department of

Peacekeeping Operations. Funds also support program management and oversight efforts and responsibilities.

*Demand Reduction (\$1.9 million)* - The Demand Reduction/Drug Awareness program seeks to reduce the worldwide demand for illicit drugs by motivating foreign governments and institutions to give increased attention to the deleterious affects of drug abuse on society. INCLE funding supports a key National Security Presidential Directive (NSPD) on International Drug Control Policy objective of “expanding U.S. international demand reduction assistance and information sharing programs in key source and transit countries.” As opposed to drug production and trafficking, the NSPD addresses rising global demand for drugs as the principal narcotics-related threat to the U.S. Funds will assist countries to reduce drug consumption, thereby helping to preserve the stability of society and government while reducing a principal source of revenue for trafficking and terrorist groups.

The demand reduction budget request will support international demand reduction programs that address Presidential priorities, including the formation and enhancement of effective drug-free community coalition programs in key drug producing countries that assist civil society/grassroots organizations in fighting illegal drugs. These public/private sector coalitions work towards reducing substance abuse among youth, enhancing intergovernmental collaboration, and strengthening collaboration among organizations and agencies in both the private and public sectors. The program will also expand the focus to Southeast Asia and Africa, where injecting drug use is fueling the HIV/AIDS epidemic, thus complementing the HIV/AIDS assistance programs in those regions. This funding will sustain the Colombo Plan’s regional network of Muslim, faith-based demand reduction organizations in the Middle East and Southwest/Southeast Asia. Given the priority on improving America’s image and relations with Muslim countries, these networks provide us with a unique opportunity to deliver services in regions critical to the U.S. for cooperation in the worldwide coalition against terrorism.

*International Law Enforcement Academies (ILEAs) (\$17 million)* - INCLE funds will continue to support the work of the established ILEAs in Bangkok, Budapest, Gaborone and Roswell and also continue to develop the newly established ILEA for Latin America. In FY 2007, the USG intends to increase the tempo/focus of the instruction in the regional ILEAs in critical areas such as counter-terrorism, financial crimes, corruption, alien smuggling, culture of lawfulness and accountability in government. Other activities in FY 2007 will include continuing to modify curricula for core and specialized curriculum to address emerging international criminal activities, and finalizing construction efforts for a new building to house administrative staff and student classrooms for the new ILEA in San Salvador.

*International Organizations (\$5.4 million)*

United Nations Office on Drugs and Crime (UNODC) (\$4 million) - Located in Vienna, UNODC is the primary multilateral organization providing assistance to combat drugs and crime. Funds requested in FY 2007 will not only complement INCLE and ACI bilateral programs, multiplying our support internationally, but will also demonstrate U.S. commitment to combat these global threats. UNODC is the only multilateral institution providing global technical assistance for the development of modern law enforcement, financial regulatory and judicial institutions and practices. It has a unique role to assist states in ratifying and implementing the UN international counter-drug and anti-crime conventions including, the UN Convention against Transnational Organized Crime (TOC), the UN Convention against Corruption (CAC) and the universal instruments against terrorism. It is also the only multilateral institution that provides technical assistance on a global basis for the establishment of effective national regimes to combat money laundering and terrorist financing.

OAS/CICAD (\$1.4 million) - The Organization of American States’ Inter-American Drug Abuse Control Commission (OAS/CICAD), located in Washington, DC, is the leading forum for anti-drug cooperation in

the Western Hemisphere. CICAD is charged with implementing the Anti-Drug Strategy in the Hemisphere, as established in 1996 within the Summit of the Americas process. A key tool for this is the Multilateral Evaluation Mechanism (MEM), a peer review system that identifies shortcomings in national and regional anti-drug efforts. U.S. funds will support the operation of the MEM, as well as provide program assistance and training by the OAS to assist OAS Member States to address those shortcomings. CICAD conducts most of its training and programs on a sub-regional level, complementing U.S. bilateral programs by promoting cross-border cooperation, harmonization of legislation, and information exchange. CICAD uses U.S. funding to support a wide array of supply reduction (chemical control, firearms trafficking control, port security and maritime interdiction, and alternative development), demand reduction (education for prevention, epidemiology, treatment training, nursing training, social and economic costs research, etc.), and policy/legal development (national drug commissions, model legislation, training for legislators, regulators and prosecutors). U.S. funding to the OAS demonstrates U.S. commitment to partnership with its neighbors in the Hemisphere.

USG support to UNODC and OAS programs in FY 2007 will continue to provide funding for international and regional programs that enhance law enforcement, judicial, and financial institutions in developing countries. This funding provides an invaluable multilateral option to pursue U.S. objectives. UNODC and CICAD are steadfast allies in support of strict enforcement efforts against illicit drugs, organized crime, and terrorism, as required under international law. UNODC programs allow for increased leverage internationally, acting as force multipliers for U.S. foreign policy priorities; CICAD programs do the same at the hemispheric level. Financial resources will specifically be used to assist countries in developing and implementing legislation in compliance with aforementioned international and OAS conventions against drugs and crime, as well as the instruments against terrorism.

Funds will fortify ongoing support for UNODC and CICAD regional projects concerning precursor chemical control. They will continue to enable UNODC to track the flow of precursor chemicals to manufacture illicit drugs, to train law enforcement officials, and to support the International Narcotics Control Board's global database of precursor chemical shipments and legitimate industrial needs. Working with UNODC and DEA, CICAD will promote sub-regional cooperative arrangements to close off opportunities for chemical and pharmaceutical diversion.

Finally, funds will also be used to support UNODC's Independent Evaluation Unit (IEU), which provides independent assessments on the efficiency of program implementation to UNODC senior management and donor states, including the United States.

*Interregional Aviation Support (\$65.5 million)* - In FY 2007, the Interregional Aviation budget will continue to provide the core level services necessary to operate a fleet of 189 fixed and rotary wing aircraft supporting aviation activities in Colombia, Bolivia, and Peru, border security operations in Pakistan, and, as needed, programs at other temporary deployment locations. Operations include eradication, mobility, interdiction, monitoring, and logistical support. The primary focus will continue to be on the aggressive aerial eradication of Colombian coca and poppy, where U.S.-funded planes sprayed approximately 138,500 hectares of coca and 1,600 hectares of poppy in 2005. This marks the fifth consecutive year of record coca spray results, and from 2001 – 2005, we have sprayed over 600,000 hectares of coca that would have produced some 4.8M metric tons of cocaine. Aviation services in Bolivia and Peru will continue to support manual eradication as well as limited interdiction efforts in Peru and Bolivia. State Department-owned aircraft provide Pakistan with an Air Wing capability for integrated helicopter, fixed-wing, and ground forces operations in day, night, or using night vision goggles (NVG); such capability is used for surveillance along the porous, 1500-mile Afghan-Pakistan border area to permit interdiction of trafficking in persons, narcotics, arms, and other contraband, as well as to assist in monitoring areas where opium poppy is cultivated to permit eradication efforts. Finally, the establishment of host-government self-sufficiency remains a central goal for Air Wing operations in each country.

*Program Development and Support (\$19 million)* - Program Development and Support funds have become more critical as more funding is managed. These core funds support domestic administrative operating costs associated with the Washington-based staff, including additional salaries and benefits of U.S. Direct Hire employees, personal services contracts, rehired annuitants and reimbursable support personnel, field travel, maintenance of information resource management systems, and administrative support expenses, such as office equipment purchase and rental, telephone services, printing and reproduction, miscellaneous contractual services, materials, supplies, furniture, and furnishings are essential components that are included in the FY 2007 budget request.

*Trafficking in Persons (\$7 million)* - As a part of the fight against trafficking in persons, INCLE funds have supported training and technical assistance to foreign governments, civil society and non-governmental organizations to increase arrests and prosecutions of traffickers as well as improve legal advocacy for victims. From FY 2002 through 2005, police, prosecutors, border officials, and judges in approximately 58 countries received training and technical assistance to recognize trafficking, identify victims, improve interview techniques, and build and manage trafficking cases. In addition, INCLE funds supported 18 projects promoting regional law enforcement cooperation to increase trafficking in persons investigations, prosecutions and convictions and 16 global projects related to increasing awareness of and preventing trafficking in persons, researching the extent of the problem, improving protection and assistance to victims, including child victims of child sex tourism.

In FY 2007, requested funds will support anti-trafficking in persons programs with a focus on Tier 2 (especially Watchlist) and Tier 3 countries of the 2005 Trafficking in Persons Report. Programs will provide needed assistance in the areas of training for police, prosecutors, judges and immigration officials on investigating and prosecuting traffickers and monitoring international borders; legislative and drafting assistance; equipment such as computers, forensic crime kits, radios, and vehicles for anti-trafficking women and children police units or taskforces; awareness training by Non Government Organization's (NGO's) or international organizations for law enforcement officials on appropriate treatment of victims; Awareness program to prevent sex tourism; creation of victim sensitive forensic interview rooms; establishment of national hotlines; development of anti-trafficking curriculums for police academies; and a mapping project for a particular region to pinpoint anti-trafficking services compared to trafficking hot centers.

*INCLE PART for Asia and Africa* - For preparation of the FY 2007 budget, the administration evaluated the Department's International Narcotics, Crime and Law Enforcement Programs in Africa and Asia using OMB's Program Assessment Rating Tool (PART). The program was rated as Adequate. The program primarily seeks to support counter-narcotics and other law enforcement operations, and strengthens home countries' capacities to conduct such activities. INCLE -Asia and Africa focuses mainly on the countries responsible for production and trafficking of illicit drugs as well as supporting stabilization operations in post-conflict operations. Primary countries of focus include Laos, Thailand, Liberia, Nigeria, the Philippines, and South Africa. Pakistan will be covered by a separate evaluation.

Key Indicators: (1) Number of Southeast Asia nations removed from and kept off the President's list of Major Drug Producing and Drug Transit Nations; and (2) Re-establish rule of law in Liberia through civilian police assistance programs while building capacity of local security forces to provide security throughout Liberia.

## Andean Counterdrug Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	725,152	727,155	721,500

The FY 2007 request of \$721.5 million will continue to support and enhance the Andean region campaign against the drug trade and narco-terrorism. Its purpose is to eliminate the cultivation and refining of coca and opium poppy, to reduce the flow of illegal drugs to the United States, and to build Andean law enforcement capacity to find, arrest and prosecute traffickers and seize their assets, thereby disrupting the narco-terrorist nexus and enhancing the rule of law.

Current challenges within the ACI framework include finding productive modes of cooperation with left-leaning Andean governments and working with allies to continue to nationalize counter-narcotics programs now heavily dependent on United States Government assistance.

*Bolivia (\$66.0 million)* - FY 2007 funds will be used to: continue current efforts to reduce coca cultivation, control the diversion of (licit) Yungas coca to cocaine production, interdict Bolivian and transshipped Peruvian cocaine, continue demand reduction programs in schools, maintain current ready-rates for land, riverine and air assets that support eradication and interdiction operations, provide training to counternarcotics police and prosecutors, improve efforts against money laundering, and continue alternative development efforts to support those who cease cultivating coca within the Chapare and Yungas. These funds assume continued Government of Bolivia support for our shared goals in the region.

Specifically, FY 2007 funds will enable the GOB to:

- Interdict an increased percentage of sulfuric acid, which is required for cocaine production in Bolivia;
- Continue forced eradication in the Chapare/maintain voluntary eradication in the Yungas;
- Strengthen control over the marketing mechanisms for legal coca;
- Form a national drug prevention network/extend the DARE program to smaller cities and high-consumption border towns;
- Maintain 95% operational readiness for maintenance/support provided by Blue Devil Task Force (BDTF) and Green Devil Task Force (GDTF);
- Maintain 80% availability rate for four UH-1Hs and four HUEY IIs;
- Maintain an operational readiness rate of 95% for three C-130B aircraft;
- Pass transnational crime legislation;
- Provide advanced training to police officers and prosecutors;
- Increase detection, arrests and prosecution of major criminal organizations;
- Improve performance of anti-money laundering investigative units;
- Train a group of prosecutors to specialize in money-laundering cases;
- Pass complementary legal reforms and regulations enabling effective implementation of the Code of Criminal Procedure (CCP);
- Establish sustainable integrated justice centers specializing in counternarcotics;
- Extend alternative development to those farm families who cease cultivating coca.

*Brazil (\$4.0 million)* - FY 2007 funds will continue to be used to build up and strengthen Brazil's interagency law enforcement and drug interdiction border control operations COBRA (Colombia and Brazil), PEBRA (Peru and Brazil) and VEBRA (Venezuela and Brazil). Funds will also be used to enhance federal, state, civil and military law enforcement capabilities by providing operational support and

equipment to conduct more effective investigations and interdiction operations against specific international narcotics cartel leaders and their associates. In addition, funding will allow continued training, provided by DOS and other USG agencies, to enhance port and airport security and expansion of counternarcotics trafficking activities, such as arms trafficking and money laundering.

*Colombia (\$465.0 million)* - FY 2007 is a crucial year for USG counternarcotics efforts in Colombia. There has been considerable progress since Fiscal Year 2000, when the Government of Colombia's Plan Colombia was initiated. Eradication and interdiction numbers in Colombia have improved every year since 2002, while kidnappings, homicides, and terrorist attacks have been decreasing each year. The human rights and developmental situation has improved.

Even though the original Plan Colombia has formally ended, the most important elements of its programs will continue in its follow-up plan. The USG is sustaining support to Colombia, while seeking to establish increased Colombian funding, personnel and maintenance. In the five years of U.S. support to Plan Colombia, significant investments were made by the U.S. in infrastructure and training of Colombians. This is now beginning to pay off. Our FY 2007 planned expenditures reflect policy and operational commitments the USG has made and will be used primarily to keep up the pressure on the narcoterrorists in the areas of eradication and interdiction, to improve infrastructure in areas of Colombia recently brought under government control, and to train more Colombians to assume these important missions on their own. Program implementation will be managed by State/INL and the U.S. Embassy, in close coordination with USAID, DOD, DOJ, U.S. Coast Guard, DEA, NSC, ONDCP, Customs, and agencies of the Government of Colombia.

In the short term, we are requesting funding to support Colombia's follow-on efforts to Plan Colombia at levels similar to previous years, while continuing to work toward the goal of nationalizing the programs so that U.S. Government funding levels can be reduced in the long term. Increasing Colombian participation in funding has not been easy. But President Uribe has moved faster in battling narcoterrorism than anyone imagined, and this success has caused an increase in the operational pace of all our programs. Nonetheless, GOC support for funding, personnel, and programs has increased markedly. Colombia has doubled the percentage of GDP devoted to public security to over 5% in last four years; real budgets have increased 30% since 2001 after inflation. The Government of Colombia has added more than 111,000 National Police and Army soldiers since 2000, with training and equipment support from the USG. Thanks to increased Colombian participation in aviation activities, in Fiscal Year 2006 we will have reduced the number of U.S. contractor pilots and mechanics by over 100.

Recent reports by the ONDCP on declining purity and increasing prices of both cocaine and heroin on U.S. streets are encouraging. The reports reflect the substantial investment and gains made through USG programs. FY 2007 funding will be used to maximize drug interdiction and eradication efforts by the Colombian Ministry of Defense. 2005 was the fifth consecutive record-breaking year for the aerial spraying of coca crops. Over 138,500 hectares of coca was sprayed in 2005, as compared to 136,500 hectares in 2004. 1,624 hectares of opium poppy was also sprayed. We anticipate a need to be prepared to spray at least the same amounts in 2006 and 2007 as were done in 2004 and 2005 in order to ensure that there is no resurgence in coca and poppy cultivation. Manual eradication will continue to be a complement to aerial spraying in areas with adequate security.

Colombia continues to experience impressive success in the areas of interdiction. Seizures of cocaine base and cocaine hydrochloride (HCL) in 2004 were a record 178 metric tons. 2005 will be another record year. As of Nov. 30, 2005 -- the most recent date of data compilation -- Colombian authorities have seized 222 metric tons of cocaine and coca base. They continue to weaken the Foreign Terrorist Organizations (FTOs). More than 11,000 paramilitary members of AUC have been demobilized this year, and the ELN has lost substantial support. Even though not defeated, the FARC is on the defensive, thanks to the



Government of Colombia's Democratic Security Initiative and Plan Patriota. FARC activity remains a major concern, but its ability to challenge public security has been substantially diminished. The State Department, USAID, and the Department of Justice will continue to work closely with the U.S. Congress and the Government of Colombia to support Colombia's efforts to demobilize and reintegrate illegal armed groups into Colombian civil society and facilitate reconciliation and the delivery of reparations to victims of the country's armed conflict.

In FY 2007 we will continue to see an increase in CNP and Colombian army (COLAR) missions, areas of operations, and number of vetted units receiving U.S. support due to the increased operational pace. As in past years, CNP funding will be used for the operation and maintenance of aircraft, and to support infrastructure improvements, CNP training, and establishment of secure and interoperable communications and intelligence systems needed to keep up with the increased operational pace against the narcoterrorists. We will work to sustain and improve interdiction units created in past years, including the highly successful 150-man, mobile squadrons of Carabineros or rural police, and the three airmobile interdiction companies, or Junglas. As we transfer job responsibilities to the Colombian government, we are increasingly able to eliminate U.S. contractor positions. An important initiative that will be funded as a result of savings on contractors is the replacement of lost and aging aircraft with newer, commercially available models that can be more easily maintained and operated by the Government of Colombia

FY 2007 COLAR funding will continue to provide fuel, spare parts, training, repair, and maintenance costs for the helicopters that provide airlift capacity for eradication and interdiction support. Funds will be used to support helicopters in the infrastructure security project in Arauca that protects the critical oil pipeline and its infrastructure. Even though basic costs are increasing, along with the number of missions, we are only requesting an amount similar to years past for the Colombian army, since we are beginning to eliminate some U.S. contractor positions, primarily pilots and mechanics. We will continue to provide logistical and operations support to the COLAR Counter-Drug (CD) Brigade to improve its ability to conduct interdiction operations against high-value narco-terrorist targets and to continue eradication missions. The majority of these funds will be used, as in previous years, to train, equip and sustain the CD Brigade.

FY 2007 funding will be used to assist the Colombian Air Force in interdiction and surveillance programs in support of endgame operations against unauthorized aircraft flights in coordination with COLAR and CNP aviation units. As in previous years, we will also work with the Colombian Navy to train and equip specialized units to analyze operational intelligence and interdict contraband traffic, with a particular focus on fast-boat operations on Colombia's Caribbean and Pacific coasts.

As a cornerstone of deterrence and narco-trafficking efforts, the Air Bridge Denial (ABD) program in Colombia supports regional interdiction efforts directly. Core funding will continue contractor logistical support (CLS) and training for the Colombian Airbridge Denial Program. All ABD aircraft are now employed in Colombia only. In Colombia, the CLS will support all five (5) Cessna Citation aircraft and two (2) C-26 intelligence collection aircraft. CLS includes: all aircraft and sensor equipment spare parts; maintenance, to include daily, periodic and phase maintenance and technical support for all aircraft and sensor systems; and training of pilots, sensor operators and Colombian mechanics for all aircraft and sensor systems; improvements to Colombian ABD Program Command Control and Communications networks; and personnel who provide USG safety oversight of the Colombian ABD Program. These personnel oversee the Colombian Air Force in the Colombian Air Force Command and Control Center (CCOFA) and on the five (5) tracker aircraft.

Our 'soft-side' social and economic development, human rights and rule of law programs in Colombia have helped over 2,600 child ex-combatants, approximately over one and a half million displaced persons, and almost 900,000 other vulnerable persons to date. An estimated 64,000 families have received assistance through alternative development programs and over 1,000 infrastructure projects have been built using ACI

funding administered by USAID. Continued funding for alternative development, institutional building, and rule of law programs will be directed towards long-term projects that aim to create sustainable changes in the culture and economy and transfer program implementation and management capabilities to the host nation.

Alternative development programs will work to create permanent alternative income-generation opportunities for local populations. Democracy programs will seek to modernize the criminal justice system, promote access to justice for disenfranchised Colombians, protect human rights, increase government transparency and accountability, and support peace initiatives. Internally Displaced Persons (IDPs) programs will continue to provide economic and social assistance to persons displaced by civil strife and violence, youth at risk of recruitment by illegal armed groups, and the communities in which they reside. ACI funding administered by the DOJ will contribute to training for judges, prosecutors, and police, the promotion of timely and effective investigations and prosecutions of human rights violations, and Culture of Lawfulness programs to promote awareness and appreciation for the rule of law.

Programs associated with alternative development and rule of law promote:

- Market access and building a licit agricultural economy;
- Support to vulnerable groups such as internally displaced persons;
- Support for programs deepening the commitment to democracy; and
- Support to programs solidifying and promoting 'rule of law.

Programs associated with peace and human rights activities promote:

- Expanded government and civil human rights protection infrastructure;
- Further expansion of judicial capabilities and infrastructure will continue to facilitate justice administration and viable peace initiatives including support for programs to reintegrate former members of illegal armed groups in conjunction with USAID, PRM, DRL and WHA; and
- Transparency and accountability in all public offices.

*Ecuador (\$17.3 million)* - In order to make further inroads in disrupting narcotics transiting the country, requested funds will support programs aimed at stopping the spillover of narco-trafficking from Colombia along the northern border by renovating counternarcotics police headquarters and constructing cargo inspection stations and checkpoints. In addition, funds will provide law enforcement and judicial training to enhance the detection and seizure of drugs and contraband and money laundering investigations.

More generally, funding will continue essential support for counternarcotics police, port and canine operations, including: aviation support; canine training; acquisition of law enforcement and communications equipment; and the purchase, maintenance, repair and operational costs of vehicles.

Further expansion of alternative development project along the northern border with Colombia will improve local infrastructure and health conditions as well as consolidate licit jobs and income activities.

*Panama (\$4.0 million)* - Panama's strategic position as the only Atlantic/Pacific maritime crossroads, the sole land connection between North and South America, and a principal hemispheric air, financial and communication hub make it a natural locus for drug-related and other international crime. FY 2007 funds will enhance Panama's control of its international borders by strengthening the National Police counternarcotics units, enhancing the National Air Service intelligence and interception capabilities, helping to create a special border patrol unit, and increasing the National Maritime service sea interdiction capacity. Requested funds will also develop professional law enforcement by providing operational support and

training to the Customs Service for cargo inspection and financial investigation, funding technical and training assistance to the Technical Judicial Police for investigation and prosecution of criminal organizations, equipping and training the specialized Financial Investigative Unit to combat money laundering, and supporting general police modernization and professionalization. Finally, funds will be used to assist in Panama's anti-corruption efforts (Anti-corruption Council and Anti-corruption Prosecutor's Office), Culture of Lawfulness program, and demand reduction efforts.

*Peru (\$98.5 million)* - Peru's commitment to fight back against narcotraffickers is showing results in eliminating expansion zones and reinforcing interdiction and eradication in the source zones. FY 2007 funds will support the forced and voluntary eradication of illicit coca and opium poppy cultivation. These funds will pay for training, advisors, vehicles, aircraft maintenance services, ground-based infrastructure, communications and operational support for the GOP. Funds will also support: enhanced law enforcement interdiction efforts against smuggling through ports and airports; strengthened anti-drug prosecutors; public education about the influence of the drug industry and to support prevention; and anti-money laundering and anti-corruption initiatives.

To sustain a licit economy instead of coca, funding for alternative development will support the voluntary eradication of coca and related local-level infrastructure and economic development activities, broader commercial development activities in coca areas and their surrounding regions (including sustainable forest management), policy development and institutional strengthening activities to improve GOP capacity to implement its national counter-narcotics program, and development of a communications program supporting all of these components.

*Venezuela (\$1.0 million)* - Challenges continue to confront the USG on counternarcotics cooperation with Venezuela. Modest FY 2007 funding will focus on improving interdiction efforts by providing training for police and military operations to enhance drug detection and seizure capabilities. Similarly, funding will continue construction efforts to complete the containerized port security project. In addition, funds will provide procedural and integrity training to police investigators, public prosecutors and judges for anti-money laundering and counternarcotics investigation efforts.

*Critical Flight Safety Program (\$65.7 million)* - The Department of State Air Wing has an immediate need for a Critical Flight Safety Program (CFSP) to upgrade its severely aged aircraft fleet to commercial standards in order to sustain the counter-narcotics and counter-terrorism missions in the Andean region. The declining condition of the fleet presents the mission and our aircraft with a crippling reality of increased costs for amplified maintenance man-hours and material requirements, and degraded performance capability. In many cases aircraft have evidence of severe structural failures that have caused the Air Wing to ground aircraft. Many of the Air Wing's fleet are excess defense aircraft that are no longer supported by or are being discontinued in the Department of Defense (DoD) inventory. Most of our airframes have not gone through any major airframe Programmed Depot Maintenance. Many aircraft are over 35 years old and have greater than 10,000 airframe hours. DoD typically removes from service helicopters that were flown in excess of 4,000 hours.

Additionally, major components are obsolete and no longer being manufactured or have limited repair capability. In many cases these components, such as engine assemblies, are experiencing premature removals far more frequently and never reach time-life expectancy. Failure and removal rates of major components are compounded by the incidence of ground fire and operations in a high optempo austere environment. These factors make managing readiness and controlling cost an extremely difficult challenge.

Maintenance, modification and replacement initiatives are crucial in eliminating existing and unforeseen aircraft deficiencies. These initiatives will increase the operational reliability and logistics supportability of the Air Wing's aged aircraft inventory. The initiatives include fixes such as selective rewiring, critical

airframe upgrades, selective component replacement, and retrofitting obsolete components. This will successfully control many age-related costs and sustain the aircraft's capability. These initiatives require immediate attention.

**Andean Counterdrug Initiative**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Andean Counterdrug Initiative</b>			
Bolivia Total	90,272	79,200	66,000
<i>Bolivia - Alternative Development/Institution Building</i>	41,664	36,630	31,000
<i>Bolivia - Interdiction</i>	48,608	42,570	35,000
Brazil Total	8,928	5,940	4,000
Colombia Total	462,767	464,781	465,000
<i>Colombia - Alternative Development/Institution Building</i>	124,694	129,920	125,000
<i>Colombia - Interdiction</i>	310,694	307,742	313,850
<i>Colombia - Rule of Law</i>	27,379	27,119	26,150
Ecuador Total	25,792	19,800	17,300
<i>Ecuador - Alternative Development/Institution Building</i>	14,880	11,425	8,400
<i>Ecuador - Interdiction</i>	10,912	8,375	8,900
Guatemala Total	992	-	-
Nicaragua Total	992	-	-
Panama Total	5,952	4,455	4,000
Peru Total	115,370	106,920	98,500
<i>Peru - Alternative Development/Institution Building</i>	53,866	48,510	42,500
<i>Peru - Interdiction</i>	61,504	58,410	56,000
Venezuela Total	2,976	2,229	1,000
Air Bridge Denial Program	11,111	13,860	-
Critical Flight Safety Program	-	29,970	65,700
<b>Total</b>	<b>725,152</b>	<b>727,155</b>	<b>721,500</b>

## Migration and Refugee Assistance

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	763,840	783,090	832,900
MRA-SUP	120,400	-	-

### Migration and Refugee Assistance

Programs administered through the Migration and Refugee Assistance (MRA) account demonstrate the leadership and compassion of the American people while upholding the first goal of the President's National Security Strategy: to champion human dignity. Humanitarian response, identified as a key U.S. national interest in the joint Department of State/U.S. Agency for International Development Strategic Framework, is an integral element of U.S. foreign policy objectives. In the past year, the U.S. Government has responded to humanitarian emergencies in Chad/Darfur, Pakistan, and the West Bank and Gaza, while continuing to address humanitarian needs in such diverse places as the North Caucasus, Democratic Republic of the Congo, and Nepal. In FY 2005, USG assistance also provided support to significant voluntary returns of refugees and internally displaced persons (IDPs) to Afghanistan, Iraq, Burundi, and Liberia. Building on these successes, the resources requested will help to address similar humanitarian needs in FY 2006 and FY 2007.

The MRA and the Emergency Refugee and Migration Assistance (ERMA) appropriations are managed by the Bureau of Population, Refugees, and Migration (PRM) and are two of the primary funding mechanisms for demonstrating our compassion internationally. MRA funds are appropriated annually in response to projected twelve-month requirements. The FY 2007 request for MRA will fund protection and assistance activities overseas, the admission of refugees to the United States, international migration activities including programs to combat trafficking in persons, resettlement of humanitarian migrants to Israel, and PRM administrative expenses.

Key MRA funding priorities in FY 2007 include: supporting refugee returns (Iraq, Afghanistan, Sudan, and other parts of Africa); continuing to strengthen the admissions program; stabilizing displaced populations in/near conflict and post-conflict zones (e.g., Chad and Afghanistan); providing protection and life-sustaining assistance for those in long-standing situations (e.g., Palestinians and Somalis); using diplomacy to advance humanitarian interests; and improving UN humanitarian performance and accountability.

The core focus of refugee program resources is to provide protection, assistance, and durable solutions, including refugee resettlement, and to promote sound migration management. To support those programs, the FY 2007 request includes a modest funding request for PRM administrative expenses.

### Protection, Assistance, and Durable Solutions

To support global protection and assistance requirements for populations of concern, MRA funds are focused on the following three priority areas:

(1) Ensuring access to effective protection and first asylum for refugees and conflict victims, and, in certain cases, IDPs and victims of trafficking, and preventing refoulement (involuntary return to a place where a person would face persecution). Protecting women and children is a priority given their numbers and vulnerability.

(2) Providing humanitarian assistance across geographic regions according to internationally accepted standards.

(3) Promoting durable solutions, including sustainable return and reintegration of refugees in countries of origin, particularly those in protracted situations, as well as local integration in host countries.

U.S. refugee policy is based on the premise that the care of refugees and other conflict victims and the pursuit of permanent solutions for refugee crises are shared international responsibilities. Although just one of many donors, the United States is in most cases the largest individual donor. The majority of refugee assistance funds (almost 87% in FY 2005) are provided multilaterally through international organizations (IOs). Funding is also provided bilaterally to non-governmental organizations (NGOs) that fill gaps in the international community's multilateral response. The primary recipients of U.S. funds and their major activities are discussed in the Overseas Assistance sections that follow.

Refugee Resettlement – The budget request for refugee resettlement reflects a significant increase in resources, consistent with the Administration's commitment to revitalize and grow this program. FY 2007 will see an even greater effort to develop resettlement caseloads, while requiring the higher level of funding needed for operational security during processing. The current reality is that smaller groups in numerous, often remote and dangerous, locations are most in need of resettlement. This adds to the challenge and the cost.

To implement this program, the Department provides funding to the UN High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), and U.S. NGOs and other organizations, both overseas and domestically. The FY 2007 request will support continuing efforts to identify resettlement caseloads, process them for admission to the United States, and provide initial reception and placement services. MRA funds to UNHCR are targeted to increase its capacity worldwide to screen populations and refer caseloads for resettlement. IOM receives MRA funds for overseas processing functions in some locations and transportation-related services for all refugees admitted under the U.S. program. MRA funds also support numerous U.S.-based NGOs involved both in overseas processing functions and in domestic reception and placement services.

### **Program Assessment Rating Tool (PART) / Performance Evaluation – Protection and Durable Solutions**

For preparation of the FY 2007 budget, the Administration assessed the Department's Protection and Durable Solutions program using the Program Assessment Rating Tool (PART). In this PART review the program was rated as effective. According to the assessment, the program is well-designed and well-managed. The Office of Management and Budget (OMB) noted that the Department has successfully encouraged program partners to commit to results-oriented program management, and that the program has made steady progress toward its stated annual and long-term goals.

The Administration will continue to improve and standardize the program's budget presentation documents to ensure budget requests are clearly and consistently linked to individual program's goals and performance measures. It will also review the findings of the 2006 Inspector General's inspection of the Bureau and address any areas for improvement related to protection and durable solutions.

Key program performance indicators include: (1) capacity of the Red Cross movement to restore family links; (2) number of countries with effective refugee registration systems; and (3) reduction of the long-standing global refugee population due to the achievement of durable solutions.

## **International Migration**

U.S. international migration policy aims to promote sound migration management, which balances governments' respect for the human rights of migrants with responsibility to maintain national security. To support efforts to manage international migration flows humanely and effectively, the Department participates in a range of multilateral dialogues relating to migration and supports activities to promote international understanding of migration, with a special emphasis on protection of the basic human rights of migrants, including asylum seekers and victims of trafficking. PRM works closely with IOM, which coordinates with governments, other international organizations, and voluntary agencies to provide operational services for humanitarian migration and technical assistance to governments and others interested in the development of migration policy, legislation, and administration. Funding supports IOM anti-trafficking programs focusing on the protection of trafficking victims while building institutional capacity to carry on counter-trafficking efforts. Programs include identification of victims, return transportation and reintegration assistance. Funds also provide support for humanitarian migration and integration of humanitarian migrants to Israel through support for the migration programs of the United Israel Appeal (UIA).

## **Administrative Expenses**

Responsible and appropriate programming and monitoring of resources requires a skilled and flexible workforce capable of responding to international crises, managing resources of nearly \$1 billion, and handling an array of significant humanitarian policy issues. The costs of this workforce -- both domestic and overseas positions -- are paid by the Administrative Expenses line of MRA. This includes all PRM salaries and benefits as well as operating expenses for domestic and overseas offices. The FY 2007 request for administrative expenses is \$22.2 million. It includes mandatory wage increases and inflationary costs. The budget request for the Department of State's Diplomatic and Consular Programs includes costs related to a small PRM staff dedicated to international population policy management.



## Overseas Assistance

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	554,752	562,765	547,988

The FY2007 request for Overseas Assistance supports the provision of life-saving protection and assistance to million of refugees and conflict victims in places such as Kenya, Thailand, and Colombia. The FY 2007 request also supports refugee returns and initial reintegration in places such as Afghanistan and Sudan.

### Primary International Organization partners

The Department intends to use the funds requested for FY 2007 to provide a U.S. contribution to the calendar year 2007 requirements of the International Organizations (IOs) listed below. Traditionally, U.S. funding aims to meet 20-25 percent of these IOs' funding requests.

The United Nations High Commissioner for Refugees (UNHCR), PRM's principal international partner, is mandated by the UN to lead and coordinate international action for the worldwide protection of refugees and the resolution of refugee problems. UNHCR promotes international refugee agreements and monitors governments' compliance with international refugee law and standards. It also seeks to minimize the threat of violence, including sexual assault, to which many refugees are subject in countries of asylum. UNHCR seeks to promote lasting solutions for refugees, including voluntary repatriation, local integration, and resettlement to a third country. The agency also works with partners to ensure that refugees' basic needs such as water, shelter, food, and medicine are met. In 2007, UNHCR will continue efforts to direct protection and assistance activities toward refugee women and children, who comprise the majority of most refugee populations.

The International Committee of the Red Cross (ICRC) is an independent, internationally funded humanitarian institution mandated under the Geneva Conventions, to which the United States is a party. The primary goals of the ICRC are to protect and assist civilian victims of armed conflict, trace missing persons, reunite separated family members, and disseminate information on the principles of international humanitarian law. Given the adoption of the Third Additional Protocol to the Geneva Conventions in December 2005, we expect that by 2007 Magen David Adom will be a full member of the International Red Cross and Red Crescent Movement, thus achieving a long-standing humanitarian goal.

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has a continuing mandate from the United Nations to provide education, health, relief, and social services to the over four million registered Palestinian refugees located in Jordan, Syria, Lebanon, and the West Bank and Gaza.

The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to provide for the orderly and humane migration of persons. IOM works in six service areas: assisted voluntary returns and reintegration, counter-trafficking, migration health, movements, labor migration, and technical cooperation on migration.

U.S. support may also be provided to other IOs and NGOs as required to meet specific program needs and objectives. Other IOs receiving MRA funds in the past include the UN Children's Fund (UNICEF), the UN Office for the Coordination of Humanitarian Affairs (OCHA), the World Food Program (WFP), and the UN Development Program (UNDP). The six largest of the thirty-one NGO recipients of MRA or Emergency Refugee Migration Assistance (ERMA) funds for overseas assistance in FY 2005, in order of

magnitude, were the International Rescue Committee, the International Medical Corps, the American Refugee Committee, the Cooperative Housing Foundation, Mercy Corps, and the International Catholic Migration Commission. Programs of non-governmental organizations may commence at any point in the fiscal year, with funding typically provided for a twelve-month period.

The Department may reallocate funds between regions or organizations within the overseas assistance request in response to changing requirements.

### **Program Assessment Rating Tool (PART) / Performance Evaluation – Refugee Assistance**

For the FY 2007 budget, using the PART, the Administration assessed the Department's work with international and non-governmental organizations to address specific policy priorities, fill gaps in refugee assistance, and promote orderly and humane migration policies. In this PART review, the program was rated effective. According to the assessment, the program is strategically designed to complement assistance efforts by UNHCR and ICRC to protect and assist refugees, victims of conflict, IDPs, and vulnerable migrants, including victims of human trafficking. The PART review noted that the NGO portion of the program is well managed through a criteria-based application process and with formal financial performance review.

The review noted improvements in the proportion of funding devoted to preventing and responding to gender-based violence (GBV), and in the proportion of foreign governments that have increased activities to combat trafficking in persons (TIP) where PRM funds projects. To ensure continued progress in these and other priority areas, the Administration will expand the formal monitoring and evaluation of PRM's programs.

Key program performance indicators include: (1) percentage of MRA-funded NGO or 'other IO' assistance projects that include activities that focus on prevention and response to GBV; (2) percentage of foreign governments with MRA-funded anti-trafficking projects that have increased their activities to combat TIP; and (3) percentage of funding to NGO and 'other IO' projects that are monitored and evaluated through formal reporting channels.

### **Program Assessment Rating Tool (PART) / Performance Evaluation – UNHCR**

During previous budget preparations, the Administration assessed the U.S. contribution to UNHCR and found the program to be effective, with one of the highest scores in the federal government. The program effectively provides for the protection and care of refugees on a multilateral basis, which allows the U.S. to advance its objectives, while providing only a portion of the costs of the programs. The Department monitors progress toward program goals using performance indicators.

## Assistance Programs in Africa

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	229,351	245,486	235,920
MRA-SUP	94,400	-	-

The African refugee scene is being transformed as political factors are aligning to “solve” four of the largest and most intractable refugee (and IDP) situations – Burundi, Sudan (apart from Darfur), DR Congo, and Liberia. The total refugee population had fallen from 3 million in 2005 to some 2.8 million by early 2006 (despite major outflows from Sudan) and should fall steadily in 2007 and 2008. Several repatriation and reintegration efforts are under way in 2006 that will continue into 2007. The “normal” repatriation and reintegration process takes about three years to complete. These operations can be costly in the short term, but save humanitarian money in the longer term as they are essential for post-conflict stability. While security is the primary driver in decisions to return home, a minimum of basic social and economic infrastructure is also necessary for sustainable reintegration. Repatriation and reintegration assistance for refugees able to return home usually includes transportation, a small package of household and agricultural items to facilitate the returnees' re-establishment, and limited rehabilitation of social infrastructure, such as clinics and water projects, in the home community.

At the same time, continued humanitarian assistance will be needed for vulnerable populations unable to return home, in such places as Chad, Ethiopia, Kenya, Sudan, Algeria, Zambia, and Ghana. Given the size and diversity of the Africa region – 53 countries with a variety of ethnic, political, health, economic, and climatic challenges – previously unanticipated refugee emergencies are likely to occur, creating new refugee outflows similar to those from Togo and the Central African Republic in 2005.

Key challenges include: weakening donor response, particularly in the area of food for refugees, owing to urgent priorities elsewhere; protracted and seemingly intractable refugee situations such as those of Somali refugees in Kenya and Western Saharan refugees in Algeria; concerns about the neutrality and security of refugee camps; and problems of humanitarian access to populations in need in Darfur and eastern Chad, for example; the concomitant disasters of drought/famine, as we are seeing in the Horn at present; and threats to refugee health, including HIV/AIDS and malaria.

Protection, both legal and physical, including protection of women and children from sexual violence and from recruitment into armed conflicts, has become more challenging in Africa. Support is planned for ongoing protection programs in Africa, including increased UNHCR protection staffing. Basic humanitarian assistance in Africa continues to lag behind international standards in such life-sustaining sectors as nutrition, where there is now some chronic malnutrition among refugees, and water/sanitation. Contributions to UNHCR and other implementing partners will continue to seek to address some of these gaps.

In Africa as elsewhere, ICRC, often in partnership with other elements of the International Red Cross and Red Crescent Movement, is called upon to provide relief and protection in the most difficult and dangerous areas of countries caught up in armed conflict, where success depends largely on securing the cooperation of the warring parties. This sensitive task has become even more difficult – in Darfur for example – as parties to conflict have increasingly rejected the principle of neutral humanitarian assistance. The ICRC program in Africa provides protection and assistance to conflict victims and displaced persons, assistance to political prisoners and prisoners of war, and tracing services (for detainees and family members separated by conflict).

NGOs are key partners of IOs in Africa, often in specialized areas such as health care, water and sanitation, and education. In some cases, FY 2007 funds will be provided directly to NGOs that require additional support in order to play the implementing partner role. UNICEF, IOM, and other international organizations may also receive funding for assistance activities complementary to those of our key partners.

## Assistance Programs in East Asia

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	22,778	22,594	20,405

The FY 2007 request includes continued support for UNHCR and ICRC programs throughout the region and critical programs of non-governmental organizations (NGOs) that assist Burmese refugees in Thailand.

The largest group of refugees in East Asia continues to be Burmese. Of the Rohingya refugees who fled to Bangladesh from Burma in late 1991 to mid-1992, over 236,000 have voluntarily repatriated, but only very small-scale repatriation occurred in 2005. USG contributions to UNHCR in FY 2007 will provide support to the remaining refugees in the camps in Bangladesh as well as the reintegration and recovery needs of Rohingyas in Burma who repatriated within the past three years. Those remaining in Bangladesh need a durable solution, and UNHCR is negotiating with the Government of Bangladesh about this caseload. There are approximately 10,000 Burmese Chin and 10,000 Burmese Rohingya residing in Malaysia, as well as about 30,000 Acehnese refugees from Indonesia.

At the beginning of 2006, approximately 140,000 refugees from a variety of ethnic groups in Burma still resided in camps in Thailand to which they fled to escape attacks by the Burmese army and its allies as well as from general persecution, such as forced labor and dislocation. The Thai Government continues to cooperate with UNHCR on the registration and protection of refugee camp populations. U.S. contributions to UNHCR and NGOs will support protection and assistance for Burmese refugees in Thailand.

The FY 2007 request will also continue funding NGOs working in Burmese refugee camps in Thailand. These NGOs address needs not covered by UNHCR or other IOs, including public health programs, water and sanitation, food, fuel and clothing aid, as well as some basic household assistance, such as blankets and mosquito nets. Future MRA requests will seek to cover all USG programs in refugee camps in Thailand, including those currently funded by the U.S. Agency for International Development (USAID).

UNHCR also provides needed protection and assistance to Montagnard asylum seekers from Vietnam in Cambodia. The organization interviews asylum seekers, provides direct assistance in Cambodia, and assists their resettlement to third countries or return to Vietnam. UNHCR staff from several missions in the region participate in monitoring missions to returnee locations in Vietnam's Central Highlands.

U.S. contributions to ICRC in East Asia support ongoing programs, such as visits to detainees and emergency relief and medical care for conflict victims. Regional ICRC delegations throughout East Asia largely concentrate on core activities of protection, tracing, dissemination, and medical assistance, including the provision of prosthetics for those injured by anti-personnel landmines.

North Korean refugees continue to flee famine and oppression in the DPRK. The North Korean Human Rights Act of 2004 calls on the USG to do more to assist this vulnerable population. PRM will actively continue to support the efforts of the UN to improve its access, protection and assistance of this population in FY 2007.

## Assistance Programs in Europe

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	48,189	44,335	40,040

In Europe, one major focus of U.S. policy with regards to the Russian Federation and the Independent States of the Former Soviet Union (IS) remains the pursuit of political settlements to the “frozen” and on-going conflicts in the North and South Caucasus. FY 2007 Migration and Refugee Assistance (MRA) funds will continue to assist over one million people who remain displaced as a result of these conflicts. Life-saving assistance over the years through UN and NGO partners has provided protection, food, shelter, health, water & sanitation, education and mine action programs for refugees, internally displaced persons (IDPs) and asylum seekers in the North and South Caucasus.

The situation in the North Caucasus continues to worsen and threaten Russian and U.S. interests. The conflict in Chechnya, while somewhat more controlled in the Republic, has spread to the republics of Dagestan, Ingushetia, North Ossetia, Kabardino-Balkaria, Karachai-Cherkessiya, and Adygeya.

The United States continues to devote considerable attention to the strategically important region of the South Caucasus, with President Bush making the first visit ever by a U.S. President to Tbilisi in 2005. While we are hopeful that peace discussions will result in possible settlements in the “frozen conflicts” in the South Caucasus, thousands will remain displaced in FY 2007 and will continue to face many hardships (inadequate housing and health care and lack of economic opportunity), with insufficient resources to support them from their governments and the international community.

The FY 2007 MRA request also reflects a continued need for assistance in the Balkans, particularly in building an emergency response capacity. The potentially difficult negotiations over Kosovo’s final status have begun. The process is expected to take up to a year, and could result in significant population movements within the region.

Providing durable solutions for displaced persons is a key aspect of U.S. foreign policy in the region and is essential to promoting regional stability, particularly during the upcoming final status negotiations. Since the end of the war in Kosovo in 1999, MRA funding to NGO partners has helped to provide information on return and integration options to interested IDPs; facilitated cross-boundary returns to pre-war communities in Kosovo through implementation of assistance components including shelter repair, income generation activities and provision of basic household necessities; created sustainable environments for returnees through community stabilization and reconciliation programs; provided income generation activities and legal assistance for refugees and IDPs in Serbia who decide to permanently relocate there; and offered emergency humanitarian assistance such as food and shelter in the aftermath of unanticipated violence, as occurred in Kosovo in March 2004.

In FY 2007, the State Department will continue to work closely with UNHCR and its NGO partners to offer protection and durable solutions. There is a strong possibility that a significant migration flow or other humanitarian emergency may emerge either during or after the Kosovo final status talks. MRA funds will help ensure that UNHCR and NGOs possess appropriate contingency resources to deal with such a crisis.

The State Department will also continue to support ICRC’s unique role in the Balkans facilitating exchange of information on missing persons, conducting prison visits, and building the capacity of local Red Cross societies.

## Assistance Programs in the Near East

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	98,442	97,215	113,325

Supporting the return and sustainable reintegration of Iraqi refugees and IDPs remains a key priority in this region. Over 250,000 Iraqis have voluntarily returned to their home country since 2003. FY 2005 MRA funds totaling \$58.2 million supported IO and NGO implementing partners providing reintegration assistance for these returnees in the critical sectors of health, water/sanitation, shelter, primary education, and protection, thereby increasing the likelihood of sustainable reintegration and stability in areas of high return. Support for the Iraqi Ministry of Displacement and Migration (MODM) enhanced its capacity to coordinate other government ministries and NGOs during humanitarian crises. MRA funds in FY 2005 provided life-sustaining assistance and protection to vulnerable Iraqis in neighboring countries and to non-Iraqi refugees inside Iraq and also supported the durable solution of local integration for over 3,000 Iranians. FY 2006 funding targets include: supporting the voluntary return and reintegration of an estimated 100,000 refugees; strengthening the Temporary Protective Regime for vulnerable Iraqis in neighboring countries; further strengthening MODM's capacity to respond to humanitarian crises throughout Iraq; complementing the work of the Provincial Reconstruction Teams by meeting the short-term needs of communities impacted by large numbers of returning refugees; and supporting durable solutions such as local integration or voluntary repatriation for non-Iraqi refugees, such as 11,000 Turkish Kurds in Makhmour. Similarly in FY 2007, MRA funds will continue to target reintegration assistance to returnees (150,000 estimated in 2007) and foreign refugee populations in Iraq.

In addition to supporting Iraqi refugees, UNHCR serves more than a half million persons of concern in eight countries of the region: Egypt, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen. Throughout the Near East, UNHCR provides protection and assistance with emphasis on the special needs of women and children, counsels repatriation candidates, assists voluntary returns and reintegration, conducts status determination interviews and resettlement processing, negotiates with host governments regarding conditions for refugees, and provides some vocational skills training and self-help activities.

ICRC activities in the Near East are directed at civilian victims of conflict, people deprived of their freedom (prisoners of war), the wounded and sick, and missing persons. ICRC activities also support civil society, national Red Crescent Societies, and government authorities. ICRC cooperates with national societies on the dissemination of international humanitarian law and on strengthening their tracing services. It runs prosthetic/orthotic centers and trains technicians in this work. ICRC is often the only international humanitarian organization that is able to access areas of civil strife in this region to provide needed protection, medical and other assistance to conflict victims and displaced persons.

The FY 2007 MRA request incorporates continued support for assistance programs of the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which benefit over four million registered Palestinian refugees in the region. The U.S. has been a major contributor toward UNRWA's programs since it began operations in 1950, under a UN mandate to assist Palestinian refugees in Jordan, Syria, Lebanon, and the West Bank and Gaza. The agency provides education, health care, and relief and social services. UNRWA schools and vocational training centers play a vital role in helping Palestinian refugees become economically self-reliant. U.S. support helps to provide some stability in the lives of the Palestinian refugee population in an increasingly difficult environment and contributes to building a climate conducive to a peaceful resolution of regional problems. Also, support to UNRWA allows it to continue critical security monitoring of its programs and operations in the West Bank and Gaza. The MRA request does not include any funding for UNRWA's emergency operations.

UNRWA's 2006-2007 budget is designed to address the significant decline in humanitarian conditions among Palestinian refugees in the West Bank and Gaza. Since the second Intifada erupted in September 2000, unemployment among Palestinians in the West Bank and Gaza has grown from 10 to 30 percent; and 1.7 million Palestinians (refugees and non-refugees - 47 percent of the population) now live below the poverty line. One in three refugees living in camps in the West Bank and Gaza survives on less than US \$1 per day.

The USG strives to support 22-25 percent of UNRWA's regular annual budget subject to the availability of funds, per the State Department's 2005 Framework Agreement with UNRWA. In the wake of Gaza disengagement, USG assistance would help UNRWA implement the Wolfensohn team's recommendations on how best to revive the Palestinian economy by supporting projects designed to help Palestinians become self-reliant, in keeping with the USG policy objective of stabilizing humanitarian conditions in the West Bank and Gaza, where 1.6 million Palestinian refugees live. USG funding will help support UNRWA's strategic goal of bringing its schools, vocational centers, and primary health clinics up to host government standards by reducing school double-shifting and overcrowding and by lessening the daily patient load for its doctors. It would also help support the rehabilitation of shelters and infrastructure in UNRWA refugee camps in Lebanon, the deterioration of which contributes to declining morale and feeds into political militancy.



## Assistance Programs in South Asia

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	59,098	49,190	44,424

Over 3.3 million Afghans continue living as refugees in Pakistan and Iran despite the return of 3.5 million refugees to Afghanistan since 2001. Reintegration needs inside Afghanistan, as a result of prior large-scale returns, will continue in 2007. Of equal importance will be continuation of programs in Pakistan and Iran that support other durable solutions for those unable to return. MRA funds will facilitate the return of up to 600,000 refugees to Afghanistan in FY 2007 through contributions to UNHCR and others. While the returnees receive travel and minimal reintegration assistance, most of them return to damaged or destroyed homes, a devastated physical and economic infrastructure, and little in the way of employment opportunities. In 2007 the international community will continue the transition from humanitarian assistance to development assistance for returnees in order to anchor returnees in their home communities and respond to unmet humanitarian needs, rebuild infrastructure, and create economic opportunities.

PRM will continue to support ICRC's programs benefiting victims of the Afghan conflict with a focus on emergency medical assistance and visits to detainees. ICRC runs a number of surgical and field hospitals for war-wounded Afghans and operates rehabilitation centers that provide services to the disabled. ICRC also provides emergency non-food assistance to the internally displaced and vulnerable, as well as water and sanitation projects in urban areas. Protection and tracing activities are important aspects of ICRC's Afghan Conflict Victims program.

UNHCR estimates that over 3 million Afghan refugees remained in Pakistan, Iran, and Central Asia at the end of 2005, of which it expects 650,000 to repatriate in 2006. The uncertain security situation, persecution of certain ethnic groups, and Afghanistan's limited capacity to absorb additional returnees continue to dampen the pace of returns. The U.S. Government will need to continue supporting UNHCR and its partners' protection and assistance work on behalf of refugees in these countries. Continued assistance will also support UNHCR/Pakistan's work with the Government of Pakistan to accept long-staying refugees as migrants with rights and access to social services. This durable solution of local integration will be accomplished through institution of a border and migration regime and, in cooperation with USAID and other development actors, by supporting small-scale development projects, identified in 2006, for refugee-affected areas in Pakistan. This is an important step in ultimately phasing out our assistance-based refugee program in Pakistan, and is also a crucial step in building a sound foundation for future Pakistan-Afghan relations.

An estimated 105,000 ethnic Nepalese refugees from Bhutan have been living in seven camps in southeastern Nepal since the early 1990s. The Department is aggressively working with governments in the region and elsewhere to promote durable solutions for this refugee population. In the meantime, PRM will continue to support UNHCR's protection and assistance activities in the camps, including primary education for refugee children, teacher training, and income generating and skills projects. UNHCR will aim to ensure that any future returns to Bhutan are voluntary and promote resettlement for the most vulnerable individuals. UNHCR also supports Tibetan refugees in transit to India by providing them with food, shelter, and health care and maintaining a Reception Center for Tibetan refugees in Kathmandu. PRM will continue to support ICRC's activities in the region.

India is host to over 130,000 Tibetan refugees. The Department supports through the Tibet Fund the immediate needs of approximately 2,500 new Tibetan refugees who arrive in India each year. In addition,

with no resolution to the Kashmir conflict in sight, support for ICRC's critical work to protect detainees and conflict victims will also continue through U.S. contributions to its regional appeal.

Another important country of humanitarian interest in the region is Sri Lanka, which currently has 337,000 IDPs living inside its territory and another 130,000 refugees living abroad. PRM will continue supporting UNHCR's efforts to 1) facilitate an ongoing voluntary repatriation program for Sri Lankan refugees currently residing in camps in southern India (70,000 currently live in those camps), 2) protect and assist conflict-related IDPs with targeted return and relocation projects and legal advice, and 3) assist the UN in mitigating the effects of the tsunami on tsunami-displaced people. PRM will also support ICRC's efforts to 1) protect civilians against violations of international humanitarian law, 2) help families learn the fate or whereabouts of missing relatives, 3) allow the free movement of people between Vanni and the rest of the country, and 4) improve primary health care facilities and water supplies in the north-east.

## Assistance Programs in the Western Hemisphere

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	23,775	24,335	21,978

Assistance to persons displaced by the conflict in Colombia will continue to be a major priority for the United States in the Western Hemisphere. For the past several years, the U.S. government has contributed to addressing the needs of the more than 2.5 million internally displaced persons (IDPs) inside Colombia, as well as tens of thousands of refugees outside Colombia, through a combination of MRA and special appropriations for the USG's Colombia operations.

Our primary partners in Colombia are ICRC and UNHCR. In 2005, ICRC's budget for its operations in Colombia (with 54 expatriate staff) was one of its largest in the world. ICRC distributes aid to internally displaced persons in over two-thirds of Colombia's municipalities and is the primary provider of direct assistance during the emergency phase. Emergency food parcels are a crucial part of its assistance; ICRC also provides hygiene kits, bedding material, dishes and cooking utensils, as needed.

UNHCR is also assisting the Colombian government in responding to the assistance and protection needs of IDPs. Its activities in Colombia include advocacy on behalf of IDPs and capacity building with IDP associations and the national and local governments. In neighboring countries, UNHCR works with host governments to promote refugee-related legislation, support NGO and local government refugee response, register refugees and asylum-seekers, and assist voluntary returns of Colombian refugees. PRM also provides some assistance to new IDPs through NGOs, most significantly the Cooperative Housing Foundation (CHF), which is a major provider of shelter and provides some food/non-food items and psychosocial support as well. In FY 2005, CHF assisted over 13,000 displaced families with shelter and basic necessities.

However, there are still unmet IDP needs in Colombia, especially in rural areas, including lack of documentation and health care. In FY 2006, we will work with our partners to try to address these specific areas. In FY 2006 - 2007, PRM aims to begin partnering with NGOs in Costa Rica and Panama to assist Colombian refugees in those countries, but given the current demands on our resources in Colombia, Ecuador and Venezuela, that may not be feasible.

While Colombia represents the most significant humanitarian assistance requirement in the region, ongoing UNHCR and ICRC programs of protection, mass migration contingency planning, early warning monitoring, and humanitarian law dissemination throughout the hemisphere are needed to maintain a capacity for dealing with the needs of refugees and conflict victims now and in the future. U.S. contributions will help support UNHCR programs that work with States to establish effective protection regimes, especially given the potential for mass migrations in the region. UNHCR training workshops in the Caribbean are particularly important. Funds will also be contributed to ICRC assistance programs in Central and South America.

The MRA request includes funds to meet the Department's commitment to support the needs of Cuban and Haitian migrants at the Guantanamo Bay Naval Base (GTMO) Migrant Operations Center (MOC) who have been found to be in need of protection and await resettlement in third countries. This requirement was established by Presidential Executive Order 13276. Due to its restricted, isolated location and a housing shortage on the base, the costs of maintaining and managing the MOC remain high. State has coordinated closely with Departments of Defense (DOD) and Homeland Security (DHS) to clarify our roles and responsibilities in the protection of migrants at the MOC. IOM's management of protected migrant

services has greatly reduced PRM's involvement with labor-intensive case management issues and allowed the Bureau to focus on developing resettlement opportunities. In FY 2005 PRM facilitated the resettlement of 55 Haitian and Cuban migrants from GTMO to Spain, Canada, Honduras, and Costa Rica. Resettlement in countries other than the U.S. deters other migrants from taking to the dangerous seas in attempting to reach the U.S.

## Strategic Global Priorities

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	59,694	66,721	60,256

The Strategic Global Priorities (SGP) line funds critical cross-cutting, global priorities such as emergency response, security of humanitarian workers, refugee women, refugee children, health, and protection. It supports activities of international and non-governmental organizations that do not appear in any specific regional program (e.g., centrally-funded, multiregional activities). The request for SGP funding will provide U.S. contributions to the headquarters and global program costs of the United Nations High Commissioner for Refugees (UNHCR), the headquarters budget of the International Committee of the Red Cross (ICRC), and the multiregional refugee activities of other international or non-governmental organizations. SGP program activities also include interagency coordination efforts, emergency response units of international organizations, and monitoring and evaluation activities.

A portion of SGP funding is specifically linked to performance measurement, e.g., commitment to improve protection and decrease incidence of gender-based violence (GBV) by increasing field presence in remote and precarious refugee settings. A particular emphasis of our SGP funding is to promote initiatives in such areas as refugee women and children, GBV, enhancing refugee protection, registration, HIV/AIDS prevention, and resolving protracted refugee situations. These situations ultimately become integrated into the regular programs of our partners and lead to more effective and efficient programs in support of refugee needs.

A key priority in funding UNHCR out of the SGP budget line is the prevention of sexual exploitation and the improvement of UNHCR's protection presence in the field. The increasing violence of conflicts, including increases of GBV, large numbers of refugees and displaced persons in the world, most of whom are women and children, and the strain on resources to deal with them has eroded the protection of refugees over the years. The Bureau has worked closely with our NGO and IO partners on the prevention of sexual exploitation, and now requires that all our NGO partners have codes of conduct reflecting core principles regarding sexual exploitation. The continuation of the efforts to enhance UNHCR's protection staffing capacity within the organization and the development of an enhanced registration system are important USG priorities. Funding is also included for UNHCR's Operational Reserve, an important mechanism on which UNHCR's emergency response capacity depends.

Funding for the ICRC headquarters budget covers the permanent activities carried out by ICRC staff in Geneva; field-related costs are normally attributed to the regional appeals. (The contribution to the headquarters budget is paid in Swiss francs, and the dollar amount will vary according to the exchange rate at the time of payment.) The contribution will be calculated at not less than 10 percent of the 2007 ICRC headquarters budget in accordance with the Foreign Relations Authorization Act of 1988 and 1989. The ICRC headquarters budget is funded through voluntary contributions by governments and national societies of the Red Cross/Red Crescent Movement. U.S. contributions to ICRC's regional emergency appeals are described under the previous regional sections of this document.

The SGP budget line also supports positions held by Americans with UNHCR through its Junior Professional Officer (JPO) program.

## Migration

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	13,425	12,889	11,640

International migration activities focus on cooperation with other governments and with international and non-governmental organizations to facilitate humane and effective migration management. MRA funds for migration activities are primarily disbursed through the International Organization for Migration (IOM). The FY 2007 request for migration activities includes an annual assessed contribution to IOM. As a member of IOM, as authorized in the Migration and Refugee Assistance Act of 1962, the United States pays annually a 25.74 percent assessment to the organization's administrative budget. The IOM assessed contribution is paid in Swiss francs, and the dollar amount will vary according to the exchange rate at the time of payment (in FY 2005 the assessed contribution amounted to \$8.02 million). The Migration budget line also supports two positions held by Americans with IOM through the Associate Expert (AE) program.

Assistance in this category will support the international migration policy goals for which PRM has primary responsibility, especially the promotion and protection of the human rights of vulnerable migrants, including asylum seekers and victims of trafficking. As part of this effort, PRM plays a key role in overall USG efforts to combat trafficking, and a top priority of the FY 2007 request for migration includes support for programs to assist trafficking victims while building the capacity of foreign governments and NGOs to better confront this challenge. Resources will continue to support key programs to provide protection to victims, including victims' identification, return transportation, reintegration and medical assistance. PRM will work with IOM to develop and disseminate capacity-building material, such as IOM modules in various languages to train government and NGO representatives on issues relating to the protection of trafficking victims. PRM will continue to encourage IOM to strengthen the development and use of performance indicators for anti-trafficking programs. These performance indicators will be an integral part of evaluating the effectiveness of MRA-funded anti-trafficking activities, as well as for justifying continued USG support. Anti-trafficking programming is closely coordinated with other U.S. anti-trafficking efforts through the State Department's Office to Monitor and Combat Trafficking in Persons and the inter-agency Senior Policy Operating Group on Trafficking in Persons.

Another principal migration activity is participation in and support for regional migration dialogues. Since 1996, the United States has been involved in the Regional Conference on Migration (RCM), a forum where ten North and Central American governments and the Dominican Republic discuss and cooperate on common migration challenges. In addition, since 1985 the United States has participated in the Intergovernmental Consultations on Asylum, Refugee, and Migration Policies in Europe, North America, and Australia (IGC), an informal channel for senior and mid-level policy officials from the United States, Canada, Australia, and European countries to exchange views and share information. PRM also supports newer regional dialogues, such as the South American Conference on Migration (SACM) and the Migration Dialogue for Southern Africa (MIDSA) for member states of the Southern African Development Community (SADC), and the Bali Ministerial Process on People Smuggling, Trafficking in Persons and Related Transnational Crime, covering the Asia-Pacific region. PRM is actively involved in discussions on migration and trafficking issues at the regional level through the Organization of American States and the Summit of the Americas (OAS), and at a global level through the UN system.

## Refugee Admissions

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	137,664	159,440	222,694

In FY 2007, PRM will continue to work on three priority areas for the admissions program: pipeline development, enhanced security during processing, and high-quality reception and placement services. The increased level of funding for refugee admissions in FY 2007 reflects the Administration's commitment to the program.

### Africa

African admissions comprise 33 percent of the allocated program during FY 2006, or some 20,000 arrivals. In FY 2005, African admissions totaled 20,749 and continued to show recovery from the post-9/11 period. During FY 2006, PRM will continue to process populations in need of resettlement in both East and West Africa. A number of large groups of African refugees for whom no other durable solution appears possible are currently under review for processing and will, along with family reunification cases, comprise the FY 2007 caseload. The Africa program will continue to be among the larger regional programs.

### East Asia

In FY 2006, assuming early resolution of the "material support for terrorism" issue\*, arrivals from East Asia will likely comprise some 28 percent of the year's arrivals or 15,000 refugees. The State Department is planning to process Burmese refugees in Thailand and Malaysia in FY 2006. Otherwise, FY 2006 will see processing of a residual caseload from the Orderly Departure Program and a small number of other cases in Vietnam. Looking ahead to FY 2007, it is likely that the program will begin processing significantly more Burmese refugees from the border camps in Thailand and possibly vulnerable Tibetans in Nepal.

### Europe

The FY 2006 program in Europe will include primarily persons from the former Soviet Union, religious minorities of special interest to the United States, including Jews, Evangelical Christians, and certain Ukrainian religious activists. The program for some 16,000 Meshketian Turks from Krasnodar is fully underway, and most will arrive during FY 2006. In FY 2007, we expect to continue processing religious minority cases.

### Near East and South Asia

Admission of Iranians (primarily religious minorities) and small numbers of other nationalities are expected to continue in 2006. The U.S. Government will continue to admit vulnerable Iraqis and Afghans, including women at risk. The scale of FY 2007 admissions from the region is expected to be similar to that of FY 2006 – some 5,000, although part of a large population of Bhutanese in Nepal may enter the program if longstanding multilateral complications can be resolved.

### Latin America and the Caribbean

Admissions in this region during FY 2006 will comprise in-country processing for Cubans and the small program for Colombians. With resolution of the "material support for terrorism" issue\*, we expect the

Colombian program would increase. Arrivals from Cuba have increased markedly as the program has overcome some of the significant backlog created after 9/11. In FY 2007, arrivals from the region will be similar.

#### Itemization of Costs

Each step in the refugee admissions process involves direct costs to the program, including caseload identification, overseas processing (both before and after the Department of Homeland Security (DHS) interview), medical examination, security screening, transportation, and reception and placement. Funds are also used to support centralized data management and administrative overhead of both the overseas and domestic partners involved in the program. The budget request for refugee admissions funds the programs described below. Funds may also be used for the evaluation of these programs.

#### Identification and Processing

The Department funds UNHCR, IOM, and NGOs to assist with the identification and processing of refugees worldwide for resettlement in the United States. Processing responsibilities include screening applicants to assess their eligibility for interview by DHS adjudicators under the U.S. refugee program. Some applicants interviewed by DHS are not approved for U.S. resettlement. Therefore, more cases are processed during the course of the year than will actually be admitted to the United States as refugees. For approved refugees, processing funds are also used to pay for medical examinations, cultural orientation materials and briefings, and required travel documentation.

In addition to overseas processing operations, the Department funds certain services performed in the United States that are essential to the smooth and efficient operation of the admissions process. This includes maintaining a U.S.-based Refugee Processing Center that manages the refugee admissions database and case allocation and sponsorship functions.

#### Transportation and Related Services

For FY 2007, the Administration requests funds for transportation and related services provided by IOM in support of the U.S. admissions program. This activity includes funding for international and domestic airfares, IOM operational support, communications, and transit accommodations where required. The cost of airfare is provided to refugees on a loan basis; beneficiaries are responsible for repaying their loans over time after resettlement. Therefore, the requirement for appropriated funds for refugee transportation in any given year is partially offset by loan repayments made available to IOM from refugees previously resettled.

#### Reception and Placement Program

Through the Department's Reception and Placement program (R&P), private voluntary organizations and one state agency receive funds to provide basic services to refugees for initial integration into U.S. society. These agencies are expected to augment federal funds by drawing on private cash and in-kind contributions, which are essential to the success of this program. Services include pre-arrival planning, reception at the airport, initial provision of basic necessities, including housing, food and clothing, orientation to their communities, counseling, and referral to local social service programs.

The Department coordinates with the domestic refugee assistance programs administered by the Office of Refugee Resettlement in the Department of Health and Human Services (HHS/ORR), which assumes responsibility for assisting resettled refugees after the initial service period covered by the R&P program.



### **Program Assessment Rating Tool (PART) / Performance Evaluation**

During previous budget preparations, the Administration assessed the Refugee Admissions to the United States program. According to the assessment, the program has a clear purpose, planning processes are in place, and the program is well managed. The Department monitors progress toward program goals using performance indicators.

\* The material support for terrorism issue, which refers to a question of whether certain aliens are admissible into the U.S., is currently under review within the U.S. government.

## MRA Humanitarian Migrants to Israel

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	49,600	39,600	40,000

The FY 2007 request will maintain our support for migrant programs of the United Israel Appeal (UIA). Our grant to the UIA helps finance programs of the Jewish Agency for Israel, which assist in the absorption into Israeli society of Jewish humanitarian migrants coming to Israel from the former Soviet Union, Ethiopia, and other countries of distress. All migrants receive programmatic support designed to promote their integration into Israeli society and include transportation to Israel, Hebrew language instruction, transitional housing, education, and vocational training. In 2005 UIA expected to support the movement of about 13,200 migrants to Israel, including over 3,600 Ethiopian Jews. In 2006 UIA projects that approximately 16,700 Jewish migrants will move to Israel, including 7,200 Ethiopian Jews. In 2007 we expect a similar number (16,700) would resettle in Israel. The increase in number of migrants reflects the accelerated program to move Ethiopian Jews to Israel.

### Program Assessment Rating Tool (PART) / Performance Evaluation

During previous budget preparations, the Administration assessed the Humanitarian Migrants to Israel program. According to the review, the program is well managed and has a clear purpose: to provide assistance for the resettlement in Israel of humanitarian migrants from the former Soviet Union, countries in Eastern Europe, Africa and the Near East, and other countries of distress. The Department monitors progress toward program goals using performance indicators.

## MRA Administrative Expenses

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	21,824	21,285	22,218

The FY 2007 request of \$22.2 million for administrative expenses provides the Department with the resources essential to manage effectively and responsibly critical humanitarian programs funded through the MRA and ERMA appropriations. With this administrative budget, the PRM Bureau manages resources approaching \$1 billion and an array of significant humanitarian policy issues as well as the refugee admissions program. PRM staff address program design and implementation, monitor and evaluate operational activities, and support other parts of the State Department in integrating refugee and humanitarian issues into broader foreign policy concerns. They play an equally important humanitarian diplomacy role.

The administrative expenses line funds salaries and benefits for Bureau staff in Washington, D.C. and overseas, as well as travel and overseas post allocations. Costs related to the small staff dedicated to international population activities are included in the Department of State's Diplomatic and Consular Programs account.

## U.S. Emergency Refugee and Migration Assistance Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ERMA	29,760	29,700	55,000

The U.S. Emergency Refugee and Migration Assistance Fund (ERMA) is a no-year appropriation, drawn upon by the President to meet “unexpected urgent refugee and migration needs” whenever the President determines that it is “important to the national interest” to do so. The Migration and Refugee Assistance Act of 1962, as amended, provides permanent authorization for the account of up to \$100 million. The FY 2007 request of \$55 million will provide the critical capacity needed to respond to unexpected refugee and migration emergencies.

At the beginning of FY 2006, \$28.2 million remained in the fund. The FY 2006 ERMA appropriation was \$30 million, which was reduced to \$29.7 million after a 1% across-the-government rescission. During the first quarter of FY 2006, \$5 million was drawn down from the Fund to support unexpected urgent humanitarian needs of refugees and other victims of the October 2005 earthquake in Pakistan, leaving \$52.9 million available as of the second quarter of FY 2006. We anticipate extensive use of ERMA resources in 2006 to respond to any number of refugee emergencies now on the horizon.

Replenishment of the Fund in FY 2007 is essential to maintaining USG leadership to respond to refugee and migration emergencies, providing sufficient resources to cover the average annual drawdown level in recent years.

Thanks in part to an emergency supplemental appropriation, obviating the need for more extensive use of ERMA, a total of \$42.7 million was drawn down from the ERMA fund in FY 2005 for the following needs:

Presidential Determination 2005-01: \$8 million

On October 7, 2004, \$8 million was authorized to support unexpected and urgent needs related to Burundi refugee repatriation and reintegration.

Presidential Determination 2005-23: \$34.7 million

On March 29, 2005, \$34.7 million was authorized to respond to the humanitarian crisis in the West Bank and Gaza (\$20 million) and to support unexpected and urgent needs related to refugee repatriation and reintegration in Burundi (\$10 million) and the Democratic Republic of the Congo (\$4.7 million).

**MRA\ERMA Program Summary**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Migration and Refugee Assistance (MRA)</b>			
<b>Overseas Assistance</b>	<b>649,152</b>	<b>562,765</b>	<b>547,988</b>
Africa	229,351	245,486	235,920
Africa SUP	94,400	-	-
East Asia	22,778	22,594	20,405
Europe	48,189	44,335	40,040
Near East	98,442	97,215	113,325
South Asia	59,098	49,190	44,424
Western Hemisphere	23,775	24,335	21,978
Migration	13,425	12,889	11,640
Strategic Global Priorities	59,694	66,721	60,256
<b>Refugee Admissions</b>	<b>163,664</b>	<b>159,440</b>	<b>222,694</b>
Refugee Admissions	137,664	159,440	222,694
Refugee Admissions (Protection) SUP	26,000	-	-
<b>Humanitarian Migrants to Israel</b>	<b>49,600</b>	<b>39,600</b>	<b>40,000</b>
<b>Administrative Expenses</b>	<b>21,824</b>	<b>21,285</b>	<b>22,218</b>
<b>Total (MRA)</b>	<b>884,240</b>	<b>783,090</b>	<b>832,900</b>
<b>U.S. Emergency Refugee and Migration Assistance Fund</b>			
U.S. Emergency Refugee and Migration Assistance Fund	29,760	29,700	55,000
<b>Total (ERMA)</b>	<b>29,760</b>	<b>29,700</b>	<b>55,000</b>

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## Nonproliferation, Anti-terrorism, Demining, and Related Programs

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR	397,584	406,000	449,430
NADR-SUP	24,600	-	-

The Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account supports a broad range of U.S. national interests by funding critical, security-related programs. NADR programs serve as an important tool for working with foreign nations to reduce transnational threats to America's security, as well as to mitigate local threats that cause regional instabilities and humanitarian tragedies. The FY 2007 request reflects the funding needed to support U.S. efforts to reduce threats posed by international terrorist activities, landmines, and stockpiles of excess weapons, as well as by nuclear, chemical, and biological weapons, missiles, and their associated technologies.

The NADR account supports U.S. efforts in four areas: nonproliferation, anti-terrorism, regional stability, and humanitarian assistance. The success or failure of the United States in dealing with problems in each of these areas will have implications for maintaining U.S. security and military superiority; efforts to promote reconciliation and stability in the Middle East, Asia, and the Pacific Rim; and access to critical resources and markets.

### Nonproliferation Efforts

One of the most direct and serious security threats facing the United States is the possibility of conflict involving weapons of mass destruction (WMD) of chemical, biological, radiological or nuclear origin, and missiles that could deliver such weapons. First and foremost is the immediate challenge of halting the clandestine spread of WMD materials and technology to rogue states, terrorist groups, and other non-state actors. Synonymous with this challenge is the need to reinvigorate the international community's commitment to support nonproliferation efforts and responsible nonproliferation behavior. The FY 2007 NADR request will fund bilateral and multilateral assistance programs that directly support U.S. nonproliferation objectives:

- to deny proliferators the supplies of materials and technology they need for their programs;
- to prevent and contain WMD and missile capabilities as well as advanced conventional weapons in key countries and regions;
- to secure and guard against leakage of WMD and missile-related materials and expertise, primarily in Russia and other Eurasian countries;
- to promote the strengthening of international agreements that formalize and help verify nonproliferation constraints; and
- to ensure that peaceful nuclear cooperation serves nuclear safety, environmental, and nonproliferation goals.

NADR supports three nonproliferation programs on a bilateral basis: the Nonproliferation and Disarmament Fund (NDF), a contingency fund for unanticipated requirements or opportunities; the Nonproliferation of Weapons of Mass Destruction Expertise programs, which currently has global authority for programs to

engage scientists with WMD expertise, including the Former Soviet Union, Iraq, and other opportunities as they arise, and plans in FY 2007 to expand to engage personnel with dual-use WMD-applicable expertise in a targeted way; and Export Control and Related Border Security assistance programs, which are designed to strengthen national export control systems in key countries. NADR funds also leverage other international donors in two multilateral fora. Under the International Atomic Energy Agency (IAEA), the U.S. voluntary contribution supplements the IAEA's operating budget to implement strengthened nuclear safeguards measures, allow expansion in nuclear safety cooperation with key countries, and combat nuclear and radiological terrorism. Funding for the Comprehensive Nuclear Test Ban Treaty (CTBT) helps strengthen the current international testing moratorium by supporting the establishment of the International Monitoring System (IMS) to detect nuclear explosions.

### Anti-terrorism Efforts

The NADR account plays a key role in implementing a comprehensive approach to preventing and countering terrorist attacks on U.S. citizens and interests, at home and abroad, and helping to mitigate the impact of any attacks that may occur. The Department develops and leads a worldwide effort to combat terrorism using all the instruments of statecraft: diplomacy, economic power, intelligence, law enforcement, and military. Provide policy oversight and guidance of all USG international counterterrorism activities. NADR funds the Anti-terrorism Assistance (ATA) program, Terrorist Interdiction Program (TIP), Counterterrorism Engagement with Allies, and Counterterrorism Financing. ATA provides technical training and equipment to assist foreign countries in protecting facilities, individuals, and infrastructure. It also provides in-depth training of counterterrorism investigators with the aim of stopping terrorists before they can strike, thus forming part of America's first line of defense. The TIP improves countries' capabilities to implement a watch/stop list at immigration control points with the aim of preventing or impeding terrorist travel, a key counterterrorism objective. CT Engagement programs build international political will leading to concrete steps in the war on terrorism and then helps to enable such steps through multilateral counterterrorism projects, thus leveraging U.S. funds to obtain additional monies from other donors. Counterterrorism Financing assists foreign countries' efforts to identify, freeze, and prevent the use of financial institutions, businesses, and charitable organizations as conduits for money to terrorist organizations, including giving countries an investigative ability to follow the money trail and arrest terrorists preemptively. The FY 2007 request will support ongoing core ATA programs and the development of new courses and activities to meet the evolving terrorist threat, new TIP countries' efforts to interdict terrorists, and U.S. efforts to sustain and further the counterterrorism agenda in defending the homeland and protecting U.S. interests abroad.

### Regional Stability and Humanitarian Assistance

Finally, the NADR account funds programs that promote peace and regional stability, as well as meet humanitarian needs in post-conflict situations. The Humanitarian Demining Program (HDP) supports efforts to eliminate the threat to civilians resulting from the indiscriminate use of landmines and unexploded ordnance, which destabilize and damage efforts to restore peace and prosperity for years after conflict has ceased. Humanitarian mine action allows mine-affected nations to protect innocent civilians, return displaced persons to their homes, rebuild shattered economic infrastructure, return agricultural land to productivity, and allow the safe delivery of other humanitarian services. The Department is also requesting funds to continue the matching contribution program with the International Trust Fund for Demining and Mine Victims' Assistance, which conducts and monitors mine action activities primarily in the Balkan region.

In FY 2007, NADR will also fund the Small Arms/Light Weapons (SA/LW) destruction program, which is designed to eliminate excess, loosely secured or other at-risk small arms and light weapons worldwide.



Destruction of these weapons contributes to U.S. force protection and regional security efforts by helping prevent the spread of illicit weapons to insurgent groups and terrorist organizations. The FY 2007 program will focus on destruction of shoulder-launched surface-to-air missiles, or MANPADS, that increasingly have been sought after and used by terrorist groups in Kenya, Iraq, and elsewhere.

**Nonproliferation, Anti-terrorism, Demining, and Related Programs**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Nonproliferation Programs</b>			
Nonproliferation and Disarmament Fund	31,744	37,125	38,000
Nonproliferation Disarmament Fund - SUP	7,500	-	-
Export Control and Related Border Security Assistance	36,496	42,966	45,050
Nonproliferation of WMD Expertise	50,096	52,074	56,200
IAEA Voluntary Contribution	52,576	49,500	50,000
CTBT International Monitoring System	18,848	14,207	19,800
<b>Subtotal - Nonproliferation Programs</b>	<b>197,260</b>	<b>195,872</b>	<b>209,050</b>
<b>Anti-Terrorism Programs</b>			
Anti-terrorism Assistance	117,800	122,265	135,600
Anti-terrorism Assistance - SUP	17,100	-	-
Terrorist Interdiction Program	4,960	5,445	11,800
CT Engagement with Allies	1,984	990	1,000
Counterterrorism Financing	7,192	7,425	9,080
<b>Subtotal - Anti-Terrorism Programs</b>	<b>149,036</b>	<b>136,125</b>	<b>157,480</b>
<b>Regional Stability &amp; Humanitarian Assistance</b>			
Humanitarian Demining Program	59,024	55,440	64,300
International Trust Fund	9,920	9,900	10,000
Small Arms/Light Weapons Destruction	6,944	8,663	8,600
<b>Subtotal - Regional Stability &amp; Humanitarian Assistance</b>	<b>75,888</b>	<b>74,003</b>	<b>82,900</b>
<b>Total</b>	<b>422,184</b>	<b>406,000</b>	<b>449,430</b>

## Nonproliferation and Disarmament Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-NDF	31,744	37,125	38,000

### Overview

The mission and purpose of the Nonproliferation and Disarmament Fund (NDF) is to develop, negotiate, finance, and implement carefully vetted proposals to halt the proliferation of weapons of mass destruction (WMD), their delivery systems, and advanced conventional weapon systems, with particular emphasis on denying such weapons to terrorists. In so doing, NDF destroys existing weapons and their means of production, and establishes programs for safeguarding nuclear, radiological, chemical, biological and other weapons from proliferation risk.

NDF projects are designed to take advantage of unanticipated and often fast-paced opportunities and circumstances that arise during the course of a fiscal year. As a USG counter-proliferation alert force, NDF's job is to maintain readiness for rapid, agile and flexible responses to a wide variety of situations and conditions -- from WMD in Libya, to SA-3s in Southeast Asia, to fissile material in Kazakhstan. For this reason, NDF resources are not set aside or committed to any project, region, or country in advance. Faced with sudden political events, innovative technology, or unforeseen circumstances that offer a chance to halt the spread of WMD, any USG agency and Department of State office can submit a proposal to use NDF funds towards an activity that fulfills U.S. national security objectives. Proposals span the globe, and frequently lie outside the scope of established USG programs for a region or country. Funding is approved by the Under Secretary for Arms Control and International Security (T) based on detailed recommendations from the T Assistant Secretaries and ISN Deputy Assistant Secretaries.

Once the approved proposals complete the notification process in Congress, the NDF office implements the project. In some instances, the NDF office may transfer funds to a program or office it deems best suited to carry out the activity (e.g. MANPADS elimination). In other cases, the technical complexity of many projects requires the project management experience of NDF staff. Because many proposals are approved without a formal international agreement, MOU or implementing agreement, the NDF office must first negotiate agreement from foreign governments to support the activity. NDF staff then implements the project, putting contracts in place, personnel on the ground, and equipment on location to accomplish the project goals within the budget approved.

### Justification

Following are brief examples of recently approved NDF projects helping us wage the global war on terrorism. These can be roughly divided into three areas: weapons destruction, security of WMD-related materials, and capability/institution building.

- In the area of weapons destruction, NDF recently oversaw the destruction of SA-3 surface-to-air missiles left over from the Southeast Asia wars that were inadequately secured. In the wrong hands, these missiles would have posed a threat to civil aviation. NDF also funded the elimination of MANPADS in four countries, stemming a shortfall in overall USG funding in addressing the global MANPADS problem, thus helping to reduce the threat. Currently, NDF is engaged in eliminating heavy munitions that could be used to make Improvised Explosive Devices, and the destruction of fermenters that could be used to make large amounts of pathogens for biological weapons.

- In the area of securing WMD materials, NDF is aggressively working to secure Biological Weapon (BW)-capable pathogens, both in individual countries and globally through the World Health Organization (WHO). Work includes ensuring that laboratories that work with and store dangerous pathogens are safe and secure, and that key countries draft legislation to promote pathogen security, training in handling that is consistent with U.S. objectives and WHO guidelines, pathogen consolidation at a limited number of sites, and enhancement of security practices. NDF continues to pursue projects involving removing fissile materials from insecure circumstance to ensure they do not fall into the hands of terrorists. NDF is also maintaining the security of a chemical weapons storage facility while the bulk agent is being safely eliminated in accordance with Organization for the Prohibition of Chemical Weapons (OPCW) requirements.
- NDF is also engaged in projects to build capabilities and institutions to help countries keep WMD away from terrorists. As an example, one project facilitates the establishment and implementation of national legislation to criminalize and restrict biological weapons-related activities as required by the Biological Weapons Convention and UNSCR 1540. Among other objectives, this project (a joint State, Justice, Interpol effort) will provide a template for national legislation that may be updated and implemented throughout the world. NDF is also helping finance the development of export control and border security institutions that meet international standards in areas our traditional programs are unable to operate.

The United States has launched numerous diplomatic initiatives that depended upon NDF funding and the negotiating and programmatic execution skills of its staff. For FY 2007, the NDF is expected to continue its support for several classified efforts to secure or remove dangerous materials in sensitive locations, eliminate weapons delivery systems, support emergency interdiction efforts, and help launch new nonproliferation initiatives.

The Administration is requesting \$38 million for the NDF in FY 2007 to support our nonproliferation efforts. To ensure that the NDF can continue to respond quickly to difficult challenges, the Administration requests that NDF funding, as in previous years, be made available notwithstanding any other provision of law, that funds be appropriated until expended, and that their use be authorized for countries other than the independent states of the former Soviet Union and international organizations. The NDF requests five percent of its funds for administrative and operational costs.

#### **Program Assessment Rating Tool (PART)/ Performance Evaluation**

The Nonproliferation and Disarmament Fund continued to assess its program using the measures set forth in the PART.

Key Indicators: (1) Ratio of total administrative cost to program cost; (2) number of active projects.

## Export Control and Related Border Security Assistance

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-EXBS	36,496	42,966	45,050

### Overview

Preventing the proliferation of Weapons of Mass Destruction (WMD), their missile delivery systems, and advanced conventional weapons are among our top priorities. Strong export and border control systems are the frontline of these efforts and a key component of the war on terror. The Export Control and Related Border Security (EXBS) Program, drawing on expertise from a number of U.S. agencies and the private sector, assists foreign governments in strengthening their export controls by improving their legal and regulatory frameworks, licensing processes, border control and other enforcement capabilities, outreach to industry, and interagency coordination. By doing so, the EXBS program contributes to “safe and secure” international trade while enhancing the global community's capacity to interdict unlawful transfers of dangerous technologies and to recognize and reject transfer requests that would contribute to proliferation and instability.

The EXBS program is truly global in nature, with activities in potential proliferation source and transit states in Europe and Eurasia, South Asia, East Asia and the Pacific, the Middle East, Africa, and Latin America. With the passage of UN Security Council Resolution 1540, which criminalizes proliferation and requires all nations to develop and enforce strategic trade and border controls, the EXBS program has engaged other nations that have expressed willingness to share the burden of helping other countries develop strategic trade and border controls that meet international standards so that assistance can be coordinated at the international level.

### Justification

A key tool in stemming the proliferation of WMD, their delivery systems, and other weapons and destabilizing technologies is having effective export and border control infrastructure and capabilities. To meet this objective, the EXBS program works to ensure that potential suppliers have effective controls on exports of arms, dual-use goods, and related technologies, and that transit/transshipment countries have the tools to interdict illicit shipments crossing their territories and implement controls to prevent diversions and poor decisions on transfer authorizations. For FY 2007, the EXBS Program proposes to spend about \$16.831 million on training and \$10.6 million on equipment.

#### Europe and Eurasia - \$17.495 million

We project that by FY 2007, Slovenia will join Poland, the Czech Republic, Hungary, Estonia, Latvia, Lithuania, Romania and Bulgaria in the limited sustainment phase of the EXBS program, having made steady progress over the last several years in establishing comprehensive strategic trade control systems, including related enforcement capabilities. Funding for the countries of Southeast Europe will continue to build on the dramatic strides over the last three years in developing legal/regulatory and licensing infrastructures as well as increasing interdiction and investigation capabilities. In Turkey, EXBS will concentrate on providing more sophisticated WMD interdiction equipment and on fostering greater government outreach to industry to enhance corporate compliance. EXBS efforts in potential WMD technology proliferation sources states Russia, Ukraine and Kazakhstan will continue to receive high priority; EXBS will focus on improving customs and border-guards enforcement by providing commodity identification and investigative training, communication and inspection equipment, and government

outreach to industry to enhance corporate compliance in key sectors. EXBS will provide radiation detection equipment for the Trans-Dniestrian border in Moldova. FY 2007 will mark the first year for an EXBS program in Georgia, which will focus on enhancing border security, effective strategic trade enforcement, and outreach to dual-use industries to assist them in establishing internal compliance. EXBS will be equipping key smuggling routes in Central Asia and the Caucasus with inspection and radiation detection equipment and supporting efforts on the Caspian Sea to detect and interdict WMD-related technology proliferation.

#### East Asia and Pacific - \$2.775 million

With a multitude of major transshipment hubs handling containers bound for all parts of the world, this region is a major concern for the potential diversion of WMD-related goods and technology. FY 2007 EXBS funds will support continued efforts to develop strategic trade control systems in the region, with an emphasis on establishing legal and licensing frameworks to control strategic goods and enhancing enforcement capabilities.

#### Near East - \$2.916 million

The proliferation of strategic items poses a significant nonproliferation concern in the Middle East; of special concern are the major transshipment hubs and transit points due to weak legal frameworks for strategic trade controls and inadequate enforcement capabilities. FY 2007 EXBS funds will support multilateral regional training opportunities to strengthen institutions and policies relevant to strategic trade control laws, and enhance enforcement capabilities, including by equipping relevant enforcement agencies.

#### South Asia - \$1.8 million

Countries in this region possess sensitive materials and technologies, as well as major points that serve as points of origin and transshipment of goods destined for Asia, the Middle East and the United States. Borders are porous and border security is inadequate. Strategic trade control systems range from non-existent to insufficient. Resources provided for this region to date have allowed a tenuous foothold to be established. Continued and expanded engagement is necessary to translate that foothold into a program that can begin to seriously address the multiple threats that currently exist. FY 2007 funds would support developing adequate legal/regulatory frameworks, licensing processes, and enforcement/interdiction capacity.

#### Africa - \$1.58 million

East African states are of proliferation concern due to their porous borders, which facilitate the transfer of weapons and other strategic items, potentially to terrorist organizations. In FY 2007, the EXBS program will continue to support the Administration's East Africa Counterterrorism Initiative by providing assistance to Kenya and Tanzania in developing the legal framework and regulatory infrastructure to establish effective controls over weapons and other strategic trade, in particular transit and transshipment goods. Assistance will also be provided to bolster customs enforcement and provide front-line inspection and radiation detection equipment to enforcement officials with an emphasis on direct field-level dissemination and training.

#### Western Hemisphere - \$.865 million

Given the growing trade between the United States and Latin America, including containerized cargo transiting the Panama Canal, the development of robust strategic trade controls and their effective enforcement remains a key domestic security concern. In FY 2007, the EXBS program will continue to

support the Administration's Western Hemisphere Arms Trafficking Initiative by providing assistance to key partners to develop a comprehensive legal framework to control weapons and other strategic items. Some countries, such as Brazil and Argentina, remain potential sources of WMD precursors, nuclear-related materials, delivery system components, and related production technology. While these countries possess strategic trade control authorities that broadly satisfy international requirements, EXBS program assistance will be targeted to improve their enforcement and interdiction capabilities, including through the provision of training and front-line inspection and radiation detection equipment.

### **Improving Program Management**

\$5.488 million: Global outreach activities include support for the Eighth Annual International Conference on Export Controls and an International Transshipment Controls Conference, as well as other products EXBS provides to nearly all countries in the program, as well as development, maintenance, marketing and deployment of the TRACKER automated licensing system.

\$ 8.006 million: EXBS Advisors will be in 25 countries, including new deployments in Afghanistan, Asia, and Africa; a part-time Advisor in Malaysia; and a Maritime Advisor in Albania. EXBS Advisors oversee and coordinate implementation of assistance projects in the field, assess foreign export control and border security capabilities and practices, recommend projects, promote improvements to controls and procedures, provide expertise, and help ensure proper use of U.S.-provided equipment.

\$3.125 million: Program administration costs include contract support; accounting; strategic planning and performance measurement; database management; overhead for implementing agency staffing; and costs associated with team visits, such as translators and transportation to border points.

\$1 million: Repair and maintenance of equipment provided by the U.S. Government.

### **Program Assessment Rating Tool (PART)/Performance Evaluation**

For preparation of the FY 2007 budget, the Administration re-evaluated the Department's Export Controls Program using PART. The PART findings were one factor used in the overall decision-making process for resource allocations.

Key Measure: Number of countries that have developed and instituted valid export control systems meeting international standards.

**Export Control and Related Border Security Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Africa Regional	100	50	100
Kenya	75	100	500
Tanzania	25	200	300
<b>Subtotal - Africa</b>	<b>200</b>	<b>350</b>	<b>900</b>
<b>East Asia and the Pacific</b>			
East Asia and the Pacific Regional	125	600	200
Indonesia	275	450	450
Korea	290	400	-
Malaysia	120	420	400
Philippines	305	400	150
Singapore	350	140	400
Taiwan	320	450	575
Thailand	500	160	400
Vietnam	280	390	200
<b>Subtotal - East Asia and the Pacific</b>	<b>2,565</b>	<b>3,410</b>	<b>2,775</b>
<b>Europe and Eurasia</b>			
Europe Regional Export Controls	-	935	300
Albania	400	505	325
Armenia	300	700	1,040
Azerbaijan	1,545	1,650	1,405
Belarus	-	250	200
Bosnia and Herzegovina	500	875	650
Bulgaria	500	-	-
Croatia	790	1,320	875
Cyprus	580	350	365
Estonia	1,000	50	-
Georgia	-	-	2,000
Latvia	1,000	50	-
Lithuania	1,000	538	-
Macedonia	400	700	650
Malta	100	660	375
Moldova	495	320	300
Romania	750	-	-
Russia	2,620	700	1,600
Serbia and Montenegro	880	1,460	900
Slovakia	575	230	100
Slovenia	250	50	-
Turkey	600	350	550



**Export Control and Related Border Security Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Ukraine	1,850	1,600	1,360
<b>Subtotal - Europe and Eurasia</b>	<b>16,135</b>	<b>13,293</b>	<b>12,995</b>
<b>International Organizations</b>			
UN Democracy Fund (UNDEF)	500	-	-
<b>Subtotal - International Organizations</b>	<b>500</b>	<b>-</b>	<b>-</b>
<b>Near East</b>			
Middle East Regional	-	200	200
Algeria	-	65	300
Egypt	-	310	250
Iraq	-	-	1,150
Jordan	860	1,000	506
Morocco	-	65	300
Oman	400	300	325
Tunisia	-	60	80
United Arab Emirates	250	-	230
Yemen	525	200	255
<b>Subtotal - Near East</b>	<b>2,035</b>	<b>2,200</b>	<b>3,596</b>
<b>South and Central Asia</b>			
Afghanistan	350	400	500
India	585	175	500
Kazakhstan	750	1,050	1,750
Kyrgyz Republic	500	810	1,000
Pakistan	1,000	700	600
Sri Lanka	-	300	200
Tajikistan	300	600	800
Turkmenistan	-	400	300
Uzbekistan	-	-	650
<b>Subtotal - South and Central Asia</b>	<b>3,485</b>	<b>4,435</b>	<b>6,300</b>
<b>Western Hemisphere</b>			
Western Hemisphere Regional	-	450	200
Argentina	50	550	200
Brazil	50	75	200
Chile	-	470	200
Mexico	-	550	-
Panama	25	50	65
<b>Subtotal - Western Hemisphere</b>	<b>125</b>	<b>2,145</b>	<b>865</b>

**Export Control and Related Border Security Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Global</b>			
Export Control Program Administration	2,362	2,845	3,125
Export Control Regional Advisors	6,639	7,538	8,006
Global Regional Export Controls	1,450	5,850	5,488
Program Equipment	1,000	900	1,000
<b>Subtotal - Global</b>	<b>11,451</b>	<b>17,133</b>	<b>17,619</b>
<b>Total</b>	<b>36,496</b>	<b>42,966</b>	<b>45,050</b>

## Nonproliferation of WMD Expertise

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-WMD	50,096	52,074	56,200

### Overview

Nonproliferation of Weapons of Mass Destruction Expertise (NWMDE) is a global mission to confront the growing threat of terrorist or rogue state acquisition of weapons of mass destruction (WMD) and delivery systems. Side by side with control of materials and technologies and destruction of weapon stocks, NWMDE -- redirecting WMD know-how -- is a third essential form of USG efforts to prevent the proliferation of WMD and delivery systems. The United States, often in cooperation with allies, has transparent programs to develop alternatives to proliferation through which we have engaged tens of thousands of former WMD research and development experts, mainly in the former Soviet Union (FSU). Scientists in Iraq and Libya are accessible for the first time. While still others remain beyond our reach, we look toward applying and adapting best practices and lessons learned to South Asia, the Middle East, and North Korea when those opportunities arise. Best practices for those programs are now being applied to engage former WMD scientists in Iraq and Libya, and we are ready to engage additional WMD scientists as future opportunities arise.

In FY 2007, in keeping with the global intent of NWMDE, we plan to expand its programs to engage scientists, engineers, and technicians in key regional areas who have dual-use expertise that could be easily applied to WMD, including dangerous pathogen expertise.

Given the different structures, magnitudes and capabilities of national WMD and WMD-applicable sectors in these various regions and the speed with which opportunities to engage scientists can occur, we have developed a strategic framework for NWMDE that is relevant to maturing programs in Eurasia as well as to nascent programs elsewhere. Recognizing best practices (and inadequacies) in the intergovernmental model developed over the early years of cooperative threat reduction in Eurasia, we now augment that flagship program Science Centers program with targeted engagement for the biological weapons (BW) and chemical weapons (CW) sectors, using a mix of other-agency and consultant experts to accelerate the transition of former weapon institutes, while paying special attention to dual-use issues. Each program innovation is linked to an exit strategy for leaving the scientists engaged and the institutions that employ them better prepared to sustain themselves in peaceful work.

Our strategic approach centers on threat analysis, characterization of the target population, identification of other interested parties (governments, international organizations, non-governmental organizations), budget analysis, and developing an approach that will best accomplish our nonproliferation task in the most efficient and effective way. To this end, our FY 2007 budget request will support five programs. Three programs, Science Centers, Bio-Chem Redirect, and the Bio-Industry Initiative, address the threat of WMD expertise proliferation from Eurasia. An overwhelming amount of expertise in all WMD areas and delivery systems in that region remains vulnerable, particularly to terrorist exploitation. These programs are the largest USG efforts to redirect former WMD scientists, and for some high priority BW and CW institutes, they are the only USG programs that engage these scientists and give us access to their institutes. We also expect to continue support for separate programs in Iraq and Libya to employ WMD scientists peacefully and sustainably. Finally, we will retain the flexibility to allocate funds as necessary to new initiatives not yet foreseen or to take advantage of new opportunities in existing programs.

For example, in FY 2003/2004 we were assigned unanticipated activities in Iraq and Libya. The Nonproliferation and Disarmament Fund (NDF) mechanism made it possible for us to attach skilled people to the negotiations, concepts and plans we advanced for engaging idled WMD/missile personnel in those countries. As NDF is the only USG source for funds to exploit unanticipated opportunities globally in nonproliferation, we cannot rely on it for foreseeable program requirements. In Iraq, we have already begun to transition to using primarily NWMDE funds.

In brief, in FY 2007, NWMDE funds will be used to:

- Continue to engage former WMD scientists, engineers, and technicians in the FSU while concentrating the majority of funds on graduation from USG assistance to sustainable peaceful employment;
- Support smaller targeted efforts in Iraq and Libya to integrate former WMD experts into the international peaceful scientific community, providing a meaningful message to other countries that may be considering relinquishing WMD programs; and
- Develop a new targeted strategic engagement program for scientists, engineers and technicians with WMD-applicable expertise (e.g., dangerous pathogen and infectious disease expertise) in key regions where terrorists and proliferating states may be able to access this WMD-applicable expertise. In FY 2007, funding will be targeted for such activities as assessments to develop strategies for engagement, workshops to begin to engage priority scientists, travel for bringing scientists to international conferences, and project development grants.

## **Justification**

### Eurasia

Since the inception of cooperative threat reduction programs involving the successor states of the USSR, redirecting former WMD researchers and institutes into peaceful work has provided a proven incentive against the diversion of WMD know-how to rogue states or terrorists. The United States and close allies developed a model for engagement of WMD scientists in collaboration originally with the Government of Russia, creating the mechanism of the first intergovernmental mechanism to screen research proposals, provide science management and financial oversight, and ensure cooperative policy-making by the founding governments. This now-mature model involves WMD scientists in eleven recipient countries and is evolving as directed by the United States and other funding parties towards greater reliance on commercial and other sustainable forms of scientific redirection. The Science and Technology Centers in Moscow and Kiev are now major nonproliferation program implementation platforms for the NWMDE programs detailed below, other USG programs, including the Department of Energy's (DOE) Russian Transition Initiative and the Department of Defense's (DoD) Cooperative Threat Reduction Program, and agencies of other governments. These coordinated programs engage WMD scientists in peaceful research and also design and fund services, training, and competency building to guide former Soviet WMD/missile experts toward economic self-reliance and permanent transition to stable civilian employment. Canada's decision to implement a large part of its G-8 Global Partnership commitment through the Moscow Science Center is a good example of this broader importance of WMD scientist redirection. In FY 2007, we expect to coordinate one or more FSU country and/or institute engagement strategies with Canada.

### Science Centers Program (estimated sub-allocation: \$22.7 million)

Through the intergovernmental Science Centers in Moscow (ISTC) and Kiev (STCU), the United States and other funding parties engage researchers in nuclear, missile, chemical, and biological institutes in collaboration with Western counterparts. We commit funding to qualified research proposals, selected on a

competitive basis, with emphasis given to projects and activities that achieve long-term nonproliferation impact and move priority institutes closer to self-sustainability and graduation from further NADR funding. Besides funding discreet projects, the Science Centers program in FY 2007 will seek to accelerate training of scientists in competitive grant-writing, patent filings and licensing of intellectual property, business methods, and matchmaking with U.S. commercial partners. Funding will also provide the U.S. contribution to the operating budgets of both Centers. Domestic program expenditures include reviewing the proliferation risk, technical merit, and market potential of hundreds of proposals annually, as well as annual financial audits of the Centers' operations and a sample of U.S.-funded projects.

It is crucial to our success that we not only fund scientists' projects but also guide institutes as they comprehensively transform their operations to prepare for regional and global competition. Funding at FY 2007 levels would permit us to contribute to sustainability programs launched in FY 2004 and delivered through the Science Centers that will enable us eventually to reduce project funding in Russia and ten other Eurasian states.

Our proposed funding level would also permit us to maintain access and influence at sensitive research institutions, particularly in Russia, Ukraine, Kazakhstan and Uzbekistan, while weighing and responding to risks in new member states Azerbaijan, Tajikistan, Kyrgyzstan, and Moldova. Maintaining relationships with former grantees through training, travel grants to Western conferences, and regional travel by NWMDE-funded technical experts is a growing element of our engagement and an important element of our program oversight.

Strong USG policy leadership in the Science Centers, such as emphasizing graduation from U.S. funding, is paying dividends. In 2005, the STCU parties and the Ukrainian National Academy of Sciences allocated an unprecedented \$500,000 each for Ukraine's Targeted Research Initiatives in emerging technology areas. This is the first contribution from a recipient nation to Science Center funding and recognizes the emphasis on commercialization and sustainability of Ukrainian scientific institutes.

#### Bio-Chem Redirect Program (estimated sub-allocation: \$17 million)

The Bio-Chem Redirect (BCR) program deals with the highly dual-use areas of biotechnology and chemistry. It is a targeted initiative that engages former Soviet biological and chemical weapons scientists to combat biological and chemical terrorism and proliferation. The program was directed to expand by the White House following the 2001 review of security assistance and is the only USG program that focuses on redirecting former chemical weapons scientists. These areas are given special attention due to the high proliferation risk, dual-use nature of their science and technology, and the growing risk of use by terrorists.

Bio-Chem Redirect finances research that supports the transition of CBW scientists to transparent civilian work in global public health, crop and livestock health, and environmental monitoring and remediation. This engagement requires the specialized expertise of the DHHS, USDA, EPA, and other partners to oversee and collaborate. Bio-Chem Redirect is the only way to support the key role of these agencies in our WMD redirection effort, providing the technical expertise needed to ensure the appropriate degree of close and continuing oversight.

Funding at the requested FY 2007 level will enable BCR to provide continued support to the DHHS Biotechnology Engagement Program (BTEP) for human health-related biological research projects at top-priority biological and chemical institutes primarily in Russia, including the WHO-mandated smallpox repository at Vector and the massive Soviet-era bacterial disease repository at Obolensk. In FY 2007, BTEP will be critical to USG strategy for providing long-term sustainability at these two institutes as well as many other critical biological and chemical institutes in the FSU. Focus areas for FY 2007 include expanding engagement with priority Russian biological facilities on influenza and avian influenza; drug and vaccine

research and development to combat infectious diseases (e.g. HIV/AIDS, hepatitis, multi-drug resistant tuberculosis); scientist exchanges (a key element of U.S. strategy to ensure transparency in our research collaboration); and provision of Good Laboratory, Manufacturing, and Clinical Practices training, which are essential to the institutes' ability to attract commercial clients and long-term sustainable income from non-USG sources. Our proposed funding level will permit BTEP to expand its successes to include additional training in bio-safety, promote programs to provide sustainability for Vector and Obolensk, and expand training programs to former weapons scientists in Ukraine and in Central Asian countries of the FSU.

Our FY 2007 BCR request would allow continued funding of the USDA Agricultural Research Service Collaborative Research in Biotechnology Program, to redirect scientists from the former Soviet anti-crop and anti-livestock programs to civilian plant and animal disease detection, characterization, monitoring and prevention. Funding would also support USDA efforts, new in FY 2006, to engage FSU former BW and CW personnel in Ukraine and Central Asia. BCR engagement is especially important in Tajikistan and Kyrgyzstan where no other U.S. redirection programs are active and where financial difficulties for former weapons experts are keen and dangerous pathogen repositories remain. USDA remains the major BCR-funded activity in Uzbekistan, an increasingly critical country for USG nonproliferation engagement. FY 2007 funding at the requested level will also ensure that USDA can continue to provide training to develop sustainability skills in intellectual property and international grant-writing, critical components of USG strategy to provide self-sustainability for former weapons personnel.

In FY 2007 BCR plans to maintain its support to EPA, which is the pillar USG engagement with former chemical weapons scientists. In FY 2007, it will be critical to ensure successful graduation from USG assistance for former BW experts at Stepnogorsk through the established and accredited environmental monitoring laboratory (EML), which has been implemented through EPA involvement in BCR. This will include continued effort to develop business opportunities for the EML and State Department coordination with the Government of Kazakhstan to ensure its ultimate success. FY 2007 will also be used to implement activities developed in 2006 in conjunction with EPA experts for coordinating joint U.S.-Russian activities to engage chemical facilities, and to ensure continued EPA expert involvement in ongoing key BCR engagement activities, including engagement at important chemical facilities in Kazakhstan and Ukraine, including the Pavlodar chemical plant.

#### Bio-Industry Initiative (estimated sub-allocation: \$13 million)

The Bio Industry Initiative (BII) was mandated by Congress to reconfigure large-scale former BW production plants in the former Soviet Union for non-weapons uses and to engage former weapons scientists in accelerated drugs and vaccines development, particularly for highly infectious diseases. BII specifically combats the threat of bioterrorism through reduced access to BW production and research capacities, as well as the generation of BW attack countermeasures. BII works to integrate U.S. industry partnerships for both the redirection of former BW production facilities and the development of novel drugs and vaccines for highly infectious diseases to commercial use. BII works in concert with other programs such as the DoD Defense Threat Reduction Agency to ensure the scientists, equipment, pathogenic strains, and all BW-related capacities are reconfigured toward sustainable, controlled, commercial use.

FY 2007 is a critical year for BII, as several large-scale projects currently under development will be coming online, projects that are crucial to meeting the BII Congressional mandate. These projects include large-scale reconfiguration projects at institutes specifically mentioned in the FY 2002 BII Congressional intent that we continue to support today, such as the Berdsk Production Plant. BII is the only government nonproliferation effort devoted to the sustainable reconfiguration of large-scale biological production facilities. Specific reconfiguration projects for which FY 2007 funds at the requested level will be critical include a reconfiguration plan for Berdsk, to be launched in FY 2007, to include dismantlement of the dedicated BW production zone and upgrades to the commercial production zone for peaceful use, and

reconfiguration of Biokombinant, a dual-use production facility in Georgia, to become an animal feed mill. BII also plans to capitalize on previous work at the Kirov-200 production facility by developing and funding workshops, training opportunities, research grants, and upgrades to the formerly dedicated military facility.

Additional BII activities that will require FY 2007 funds include:

- BII will continue to redirect former biological weapons scientists toward peaceful research on infectious diseases such as TB, HIV, and influenza. Working through the ISTC, BII has a series of ongoing projects to meet the FY 2002 Congressional intent of accelerating drugs and vaccines for highly infectious diseases. BII will continue this nonproliferation effort this year, building upon its previous successes, in particular, avian influenza surveillance and vaccine development.
- Continuation of the successful Russian-American BioIndustry Toxicology Testing (RABITT) Program which engages five former BW institutes. BII will begin to provide renovations to bring the institutes up to international testing standards and assist in developing business plans so they can contract pre-clinical services and become self-sustainable. The RABITT institutes will provide a much needed scientific testing resource in Russia for the global community while providing employment to a large number of former BW scientists.
- Acceleration of drug and vaccine development, including discovering innovative therapies in Russia for the treatment of cancer using oncoytic viruses and, together with U.S. companies, help to redirect the research of former BW scientists to creating safe microbes capable of treating cancer.
- In FY 2006, BII was launched in the STCU, and in FY 2007, BII will continue to expand beyond Russia to the Caucasus and Central Asia, particularly in Georgia, Kazakhstan and Ukraine. BII's experience will also be applied to new programs in Iraq, Libya and elsewhere as opportunities arise.

Iraq (estimated sub-allocation: \$2.5 million)

Since its inception in early 2004, the WMD scientist redirection program for Iraq has engaged approximately 200 key scientists, engineers and skilled technicians previously employed in WMD programs. Their initial participation in the program was encouraged through the use of stipends to supplant suddenly meager or non-existent incomes. In the past year, many have additionally benefited from the provision of grants enabling individual travel to seminars, conferences or training opportunities in their field of interest; from professional workshops aimed at enhancing prospects of employment in the private sector; and from program coordination with Iraqi government ministries aimed at matching scientists' expertise with the needs of the reemerging Iraqi government. As the security situation continues to improve, the program will offer financial and organizational support for specific science-based projects proposed by program participants, especially those focusing on areas of importance to the reconstruction of Iraq (e.g., environmental issues, water quality, public health, and agriculture).

The program office (the Iraqi International Center for Science and Industry, or IICSI), established in 2004 and presently staffed solely by Iraqis, continues to be the focal point for program activities in Baghdad. A Science Advisory Council comprised of Iraqi scientists from various WMD-related fields meets regularly at the IICSI to set priorities for future work. Two American directors, an Executive Director and a Business Director, will work as USG employees until the IICSI has achieved status as an international organization, at which time they would work as international staff at the IICSI (the security situation permitting). These two directors are presently employed at the Embassy by the Iraq Reconstruction Management Organization.

However, upon the termination of that Organization, expenses for these two directors, including salaries, housing, and travel, will have to be provided from program funds.

An enabling intergovernmental agreement with Iraq has been drafted by the U.S. and UK governments, and will be negotiated with appropriate Iraqi officials to provide the legal framework for an ongoing program under the IICSI. It is anticipated that other countries, international organizations, and nongovernmental organizations will join as contributors.

#### Libya (estimated sub-allocation: \$1 million)

In conjunction with its decision to dismantle its WMD programs, the Government of Libya explicitly and emphatically requested Western assistance in engaging its involved scientists. There are likely 250 key personnel and 1,500 support personnel who will need some degree of help. Approval was received to use Nonproliferation and Disarmament Fund money for FY 2004 (\$500,000) and FY 2005/2006 (\$2 million) activities, as Libya remains designated as a State Sponsor of Terrorism and NWMDE funds cannot be used.

We are working with the UK, DOE, and the Civilian Research and Development Foundation to engage Libya's nuclear, chemical, and missile experts toward civilian careers that can enhance Libya's economic development. A key strategy is our focus on four Libyan-identified priorities: nuclear medicine, water management, oil/gas technologies and services, and environmental monitoring. We are also pushing rapid integration of the former weapons scientists into existing research and development organizations and project sustainability through partnership with nonprofit organizations and private sector companies.

In FY 2005, we sponsored workshops in each of these areas, developed a discreet number of collaborative research proposals, and initiated project implementation. In FY 2006/2007, we will continue to:

- Offer technical and financial support for collaborative research and development, such as helping establish a Nuclear Medicine Center of Excellence, a Desalination Demonstration Center, an Oil-Field Produced Water Pilot Treatment Facility, a Manufacturing Center of Excellence, and a National Environmental Monitoring System;
- Facilitate Libyan scientist participation in select international science and technology conferences, workshops and symposia;
- Provide training to develop international management and business skills; and
- Upgrade information technology systems to improve communication between Libyan and U.S.-UK scientists.

#### **Program Assessment Rating Tool (PART)/Performance Evaluation**

In FY 2007, NWMDE continues to be assessed using PART.

Key PART measures for NWMDE currently are: (1) Total program investment to assist a WMD institute to reach financial self-sufficiency; (2) Number of Russian and other Eurasian proliferation-relevant institutes engaged in U.S.-funded civilian research projects; (3) Number of institutes and scientists graduated into commercially sustainable ventures; (4) U.S. private sector funding of collaborative research as a percentage of USG regular project funding; (5) The reconfiguration of former BW production facilities for peaceful uses and engagement of former BW scientists in drug and vaccine development; and (6) Acceleration of scientists redirection programs begun in FY 2003 in Iraq and in FY 2004 in Libya.



## International Atomic Energy Agency - Voluntary Contribution

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-IAEA	52,576	49,500	50,000

### Overview

The Non-Proliferation Treaty (NPT) is the bedrock of our nuclear nonproliferation strategy. To preserve and strengthen the NPT in the face of real challenges, we will work to strengthen its verification organization, the International Atomic Energy Agency (IAEA). The United States has strongly supported the IAEA since its creation in 1957.

The IAEA is a critical and effective instrument for verifying compliance with international nuclear nonproliferation agreements. Its program of international safeguards monitors nuclear material worldwide and provides assurance that it is not diverted to make nuclear weapons. Efforts to strengthen safeguards over the last dozen years have provided critical new tools to detect and respond to clandestine nuclear programs. IAEA safeguards serve both as an essential barrier against the spread of nuclear weapons and as a first line of defense against nuclear terrorism.

The IAEA's expanding nuclear security programs will help states around the world improve their ability to protect nuclear materials and facilities, prevent nuclear smuggling, and apply better controls on radioactive materials to reduce the risk of radiological dispersal devices (AKA "dirty bombs").

### Justification

As in FY 2006, our voluntary contribution for FY 2007 will focus less on filling gaps in funding for safeguards and more on maintaining key programs that complement the activities funded by the regular budget. Over the past 20 years, demands on safeguards have risen steadily, both in the number of nuclear facilities subject to safeguards as well as the volume of nuclear material under safeguards. A historic increase in the IAEA's regular budget, to be phased in by 2007, will provide added staff to implement safeguards and added funds to buy safeguards equipment and replace the safeguards database.

The majority of this year's \$50 million request will continue to support safeguard programs (e.g., equipment development, training, country issues, and environmental sample analysis), the nuclear security fund (physical protection of nuclear material, control of radioactive materials, illicit trafficking of materials) and other nuclear safety programs.

The IAEA will continue to rely on U.S. voluntary contributions for many key requirements, including technical experts and the development of the advanced technologies that will be critical to maintaining a strong safeguards system in the face of ever changing technologies and ever growing nuclear programs worldwide. As technology evolves, safeguards equipment becomes obsolete and must be replaced by new, often more effective technologies. We will continue efforts to improve the IAEA's safeguards system, whose current rigorous standards are due in large measure to U.S. leadership. The bulk of this funding goes to U.S. laboratories, companies and individual experts who provide in-kind technical assistance and services to the IAEA.

In September 2001, as part of the war on terrorism, the IAEA initiated a review of its programs with a view to enhancing those that will help states protect against acts of nuclear and radiological terrorism. In September 2005, the IAEA General Conference agreed to update and extend through 2009 the Nuclear

Security Plan originally adopted in 2002 to help states around the world address this critical problem. The IAEA established an extra-budgetary fund, the Nuclear Security Fund, to support its expanded nuclear security program. As of September 2005, pledges totaled nearly \$41 million. The bulk of these funds have come from the United States, but other contributors are providing a growing share. These funds support IAEA efforts to combat nuclear terrorism, including developing and enhancing international standards and providing training and assistance on all aspects of the problem. This also includes training in physical protection techniques, assessment of security measures at specific nuclear facilities, and combating nuclear smuggling.

Since the Chernobyl accident in 1986, the IAEA has greatly expanded its nuclear safety activities, and it continues to rely heavily on voluntary contributions to fund technical assistance needed by member states and to provide the expertise to administer those programs effectively. In most cases the requirements for nuclear safety and security assistance are mutually reinforcing.

To summarize, this FY 2007 request will address critical nuclear non-proliferation needs, including activities designed to counter nuclear terrorism, implement strengthened safeguards, develop advanced safeguards technology and procedures, confront unique safeguards challenges, and strengthen nuclear safety measures globally. Efforts to thwart nuclear smuggling are also expanding. Finally, the U.S. voluntary contribution will support the IAEA's Technical Cooperation Program and support projects, training, fellowships, and equipment in countries that are parties to the NPT, with a preference for states that have an Additional Protocol in force.

Specific projects planned for FY 2007 include:

- Increasing development of use of integrated nuclear security support plans, which specifically tailor and schedule assistance to the needs of particular states;
- Providing expert assistance and other support to expand international missions to assess the adequacy of physical protection measures at nuclear installations worldwide (known as International Physical Protection Advisory Services) to help counter the threat of nuclear terrorism;
- Providing additional cost free expert assistance to the IAEA's Office of Nuclear Security to bolster the speed and effectiveness of the IAEA's nuclear security activities;
- Working with states to assist in implementation of the IAEA Code of Conduct on the Safety and Security of Radioactive Sources;
- Developing improved techniques for safeguarding spent fuel in wet or dry storage, including relatively inaccessible forms, particularly techniques that would reduce the demands on inspectors.
- Installing unattended monitoring equipment for nuclear facilities such as the Rokkasho Reprocessing Plant in Japan;
- Taking a long-term approach to meeting equipment needs, emphasizing reliability, sustainability, and standardization as ways to manage life cycle costs;
- Developing a next generation of safeguards equipment, including the next generation surveillance system, and a possible next generation of tamper-indicating seals;
- Training inspectors and other safeguards staff in all areas of safeguards implementation;

- Strengthening capabilities for implementation of strengthened safeguards and the Additional Protocol, including information analysis, use of satellite imagery, and inspection tools for detecting undeclared nuclear material and activities;
- Improving safeguards techniques for verifying the flow of materials at the front end of the fuel cycle, particularly at enrichment facilities;
- Strengthening quality control and sensitivity of analyses by the Safeguards Analytical Laboratory (SAL) and the Network of Analytical Laboratories, and reviewing needs for possible refurbishment or replacement of SAL;
- Analyzing environmental samples from safeguards inspections to detect signatures of possible undeclared nuclear activities and materials;
- Supporting the Department of Safeguards' development of a Quality Management System to improve reliability and quality of safeguards equipment and to ensure that safeguards conclusions are based on credible evidence and sound procedures; and

Supporting the IAEA's Technical Cooperation program, which provides assistance to developing countries in areas such as radiotherapy, insect eradication, and water resource management.

## CTBT International Monitoring System

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-CTBT	18,848	14,207	19,800

As a key element of our global efforts against the proliferation of nuclear weapons, the United States has a strong security interest in enhancing its ability, as well as that of its friends and allies, to detect and deter nuclear explosive testing anywhere in the world. Although the Comprehensive Nuclear-Test-Ban Treaty (CTBT) is not in force, the International Monitoring System (IMS), on which work began following CTBT signing in 1996, provides important security benefits to the United States and its allies. While there can be no substitute for robust national efforts, the IMS offers an important supplement. It will collect worldwide data from 321 seismic, hydroacoustic, infrasound, and radionuclide stations. A number of these stations will provide the United States with new or improved data from regions not otherwise available and will strengthen U.S. verification capability.

In 2000, the first eleven IMS stations were certified as meeting agreed specifications for performance and reliability. In 2001, another twelve stations were certified, including seismic stations in France, Iran, Norway, Spain, and the United States, and a second hydrophone station in the Indian Ocean. In 2002, another twenty-three stations were certified, including seismic stations in Kazakhstan, Kenya, and Ukraine. In 2003, an additional twenty-one stations were certified bringing the total of certified stations to sixty-seven, or 21% of the full IMS network. In 2004, another twenty-five stations were certified, bringing the total number of certified stations to 92, or 29% of the full network. During 2005, an additional 50 stations were certified, bringing the IMS network to 44% completion, with a total of 142 stations certified. IMS is the largest program in the CTBT Preparatory Commission (Prepcom) budget. Other substantial programs include the International Data Centre (IDC) and data links between IMS stations and the IDC and between the IDC and member states. A more modest effort is devoted to development of a capability to conduct on-site inspections.

The FY 2007 request in NADR will fund the U.S. contribution to the ongoing work of the Prepcom. This level reflects a U.S. funding share (22 percent), consistent with the current UN scale of assessments upon which the Prepcom's budget is apportioned among CTBT signatories. Moreover, under U.S. policy, the United States intends to fund its share of only IMS and IMS-related activities, which constitute the largest part of the Prepcom Budget. The United States will not fund other activities, including those related to establishing the on-site inspection system. By maintaining significant support for the Prepcom budget and leadership in work on technical and other issues, the United States will continue to be able to influence and guide the Prepcom's efforts to devise the best possible multilateral regime for monitoring nuclear explosions.

## Anti-Terrorism Assistance Program

(\$ in thousands)

### RESOURCE SUMMARY

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
Anti-Terrorism Assistance (ATA)	\$88,312	\$122,265	\$135,600

Terrorism remains the top threat to U.S. national security. Al-Qaida, is global, opportunistic, and remains a strategic threat, both as a terrorist organization capable of launching devastating attacks and as an inspiration to emerging extremists groups to engage in violence against our citizens and interests around the globe. The group's battle against Western society is both a war and an evolving propaganda campaign. Terrorism is a world threat from which no nation is immune.

Even as the U.S. and partner countries have cooperated to degrade al-Qaida's leadership and resources, its extremist ideology continues to inspire new adherents. As the al-Qaida ideology spreads, international cooperation will continue to play the key role in defeating terrorism at home and abroad.

International cooperation continues to be an integral part of the overall U.S. strategy for combating terrorism and will only grow in importance. It has produced virtually all of our success fighting terrorism overseas since 9/11 outside Afghanistan and Iraq. S/CT is charged with coordinating the U.S. Government's international counterterrorism policy to build the political will of foreign partners to combat terrorism and to assist our partners to develop the practical capacities – in law enforcement, border control, and banking regulation, among others – to identify, interdict, and defeat terrorists.

S/CT administered programs are designed to enhance the ability of our foreign partners, acting in our common interest, to defeat terrorists that threaten fundamental democratic values.

Strategic Goal: Counterterrorism

Performance Goal	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
<b>CT.01 Coalition Partners Identify, Deter, Apprehend and Prosecute Terrorists</b>	\$88,312	\$122,265	\$135,600

### **Anti -Terrorism Programs**

- \$135.6 million for the Anti-Terrorism Assistance (ATA) program to support the global campaign against terrorism by providing strategic, operational, and technical training and enabling equipment to coalition partners to assist them in detecting and eliminating terrorists threats and in protecting facilities, individuals and infrastructure. Funds will support maintaining the scope and volume of existing training capabilities and also provides for development of new courses to respond to shifting requirements emanating from the evolving terrorist threat. In addition, the FY 2007 request supports: new in-country programs in Iraq and the Philippines, participating countries critical to the U.S. counterterrorism effort; and, follow on funding for special programs in Afghanistan, Pakistan, Indonesia, Kenya, and Colombia. The request funds the Mobile Anti-terrorism Training Team component to continue facilitating in-country ATA training for priority, short-notice requirements. Lastly, the request continues to fund activities at the regional counterterrorism policy and training center established by the Government of Malaysia.

- \$9.08 million for Counterterrorism Financing Programs to assist foreign countries' efforts to detect, investigate, and root out terrorist networks proactively by "following the money," as well as to freeze assets, and to prevent the abuse of financial institutions, businesses, cash couriers, and charitable organizations as conduits for money to terrorist organizations.
- \$11.8M for the Terrorist Interdiction Program which strives to derail terrorist international travel by providing select countries with a computer network enabling immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. Funds requested for FY 2007 will support significant enhancements to the existing watch listing system software in order to provide a fraudulent document detection capability, a biometrics search capability, and greatly improved name-searching effectiveness. Funds will also support program expansion and strengthening specifically within the highest priority countries, namely Iraq, Afghanistan, Pakistan, Yemen, and Kenya. Funds are also required to sustain existing system capabilities in the twenty other countries expected to be participating in the program in 2007.
- \$1.0 million for the Counterterrorism Engagement with Allies Program. The diplomatic, military, law enforcement, intelligence, and judicial cooperation of partner nations are *the* primary elements of a successful international counterterrorism effort with key partners. Programs funded with these monies include conferences to foster regional (U.S. embassy and host country) cooperation on issues such as maritime security/terrorist interdiction, mainstream Muslims' engagement against extremism, border security, and interdiction of weapons of mass destruction and their components. In FY 2007, funds will sponsor conferences on maritime security/terrorist safe haven issues in South East Asia and with Middle East posts to address the issue of foreign fighters in Iraq. Additional programs will: 1) foster cooperation between partner nations' intelligence officials, police and prosecutors to enhance their ability to bring terrorist to justice; 2) fund resident legal advisors to provide sustained assistance in development of CT laws and Joint CT Task Forces; and 3) sponsor training to enable weak but willing partners to meet international standards for travel document security. We are working closely with donors such as the UK and Australia to coordinate and leverage assistance in these areas.

### Key Countries

- *Afghanistan (\$6,050,000)* - The United States intends to continuing providing assistance via the embed program the Afghan Presidential Protection Service in FY2006. Assuming that the embed advisor program is completed in FY 2006, in FY 2007 DS/ATA will launch a country wide CT needs assessment followed by delivery of tactical, operational and CT training in areas such as crisis management, hostage negotiations and post blast investigations. Other programs that may be offered include Explosive Incident Countermeasures, Crisis Response Team (CRT, providing SWAT training), and Explosive Incident Countermeasures (EIC, training bomb squads). This training is critical to the Afghan government's ability to contain terrorist elements.
- *Colombia (\$3,090,000)* - The process of training and equipping remaining anti-kidnapping units can be accomplished with only one American instructor assigned to the training camp to monitor the quality and content of training by Colombian instructors and to oversee the issuance of extensive tactical equipment. The Colombian Government will be asked to shoulder the expense of maintaining the camp as well as feeding and housing instructors and students. Depending on camp and base capacity, the Colombians will conduct additional CRT courses.

- Indonesia (\$6,141,000)* - The FY 2007 counterterrorism training program activity for Indonesia will shift from two years of Task Force operational training, equipping, formation and deployment to program transition, sustainment, oversight and liaison. Six operational elements, consisting of 279 police officers trained in Crisis Response Team (CRT), Explosives Incidents Countermeasures (EIC), and Counterterrorism Investigation will have been formed and deployed by the end of FY 2006. In FY 2007, ATA will deliver advanced training in CRT and EIC train-the-trainer courses to assist the police in transitioning to self-training and Task Force expansion. Force integration and operational planning training will be offered to those in key command and control positions, while senior leaders and operational-level tactical commanders will participate in crisis management seminars and scenario-driven exercises. Force projection and operational capabilities assessments and advice and assistance consultations will be undertaken with police planners and logisticians. Finally, an ATA Liaison Office will be established at Task Force headquarters to manage an in-country advisor/observer program and provide sustaining technical assistance as the police train themselves and the Task Force grows. ATA training in Indonesia has been extremely productive; FY 2007 funding will enable the United States to capitalize fully on the investment it has made in Indonesian counterterrorism capabilities.
- Iraq (\$5,000,000)* - It is reasonable to assume that ATA will play a significant role in the development of effective civilian antiterrorism organizations in Iraq. We are currently supporting the training and equipping of a counterterrorism emergency response unit with Iraq supplemental funds. The program will build upon prior investment with a more comprehensive country assistance plan. Experience has shown (Pakistan and Afghanistan) that \$5.0 million is a viable figure with which to sustain an in-country program.
- Kenya (\$2,937,500)* - We have learned from experience that the fourth year of an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental first three years. Protecting the investment of FY's 2004, 2005 and 2006, this funding will assure that a thorough follow-up assessment of CT capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in the first two years, guarantee that equipment and facilities are being properly maintained by Kenyan technicians with the needed skills sets and that replacement parts are available, support the cooperative relationship with Government of Kenya officials by signaling the USG's continuing commitment, provide refresher courses for Kenyan trainers and instructors, and expand training opportunities for new, state-of-the-art CT specializations.
- Malaysia (\$3,065,000)* – in FY 2007, \$ 2,615,000 will be used to sustain and expand current CT training and assistance programs in areas such as crisis management, hostage negotiations and post blast investigations. Other programs that may be offered include Explosive Incident Countermeasures, Crisis Response Team (CRT, providing SWAT training), and Explosive Incident Countermeasures (EIC, training bomb squads). And, in FY 2007, \$ 450,000 will be used to sustain the Malaysia CT Center: To add efficiency and promote regional cooperation in CT policy with Malaysia's neighbors, we will continue to utilize Malaysia's Southeast Asia Regional Center for Counter-Terrorism (SEARCTT).
- Pakistan (\$8,590,000)* - The FY 2007 program continues an expanded effort to upgrade local and national CT law enforcement institutions. DS/ATA will continue to support and use facilities that were either built or extensively refurbished in Pakistan. The program will focus on building the CT capability and capacity principally in three areas: investigative, tactical operations, and establishing and maintaining interagency cooperation among the federal and provincial police institutions. There will be a strong emphasis on continuing efforts to strengthen the federal government's Federal Investigation Agency's CT unit, the Special Investigation Group (SIG). This, in turn, will promote stronger

interaction with the various provinces' Criminal Investigative Divisions (CID) with emphasis on joint training. CRT, EIC and possibly VIP protection tactical training are scheduled for candidates from both the SIG and CID units. Additional courses, to include CT investigations, Intelligence Analysis, and other investigations training, are also anticipated. ATA will continue to assist the GOP with Information Technology interconnectivity among the four Provincial CT units and with the SIG, and will conduct Cyber Terrorism training.

- *Philippines (\$4,457,500)* – A sustained “Intensive Training” program is planned for the Philippines that will maximize sustainment while minimizing costs by using available in-country training facilities. Training will include: CRT, EIC, Investigative training, shipping and receiving costs and maintaining an in-country ATA Program Manager and Assistant, based on the Indonesian model.
- *Other Worldwide Bi-lateral Training and Regional Training at the International Law Enforcement Academies (ILEAs) (\$49,254,003)* - Training provided to the other 46 nations and ILEA countries participating in the ATA program but not identified on separate line items as large scale in-country programs.
- *ATA Program Administration (including On-staff Contractors) (\$23,446.5)* - Program administration requirements (\$8,653,000, excluding On-staff Contractors) include varied support costs, including direct hire travel, general supplies, telephone service, fleet vehicles and fuel, training center fixed costs, translations costs, instructional services contracts fixed costs, representational items, and warehouse lease and operations. With limited direct hire staffing in the ATA program, On-staff Contractors (\$14,643,500) serve as subject matter experts, regional program managers, in country program managers, consultations coordinators, long-term in country program coordinators, education specialists, information technology specialists, management assistants, and administrative and clerical staff.
- *Curriculum Development (\$8,042,690)* -- Operating costs for quality assurance oversight, materials updating, printing, shipping, independent training evaluations, and training equipment as well as new course development, piloting, and initial iterations.
- *Trans-Sahara CT Initiative (\$7,240,550)* – ATA training will be a key supporting element in the TSCTI program, and will complement training conducted by the Department of Defense and other U.S. agencies to maximize CT capacity and coordination in the key vulnerable states of the Maghreb and Sahel, including Morocco, Algeria, Tunisia, Mauritania, Mali, Niger, Chad, Senegal, and Nigeria.
- *Resident Advisors (\$ 1,500,000)* – The Resident CT Investigative Advisor program will be expanded to additional key countries to mentor partnered nation personnel and facilitate implementation of practices taught in the Interdicting Organizations training program.
- *CT Senior Policy Workshops (\$1,000,000)* - The CT Senior Policy Workshops aim to assist high level partner nation officials in improving interagency coordination and effectiveness in the CT arena. They will also be designed to improve coordination between the USG and participants. They will offer the United States an opportunity to engage senior officials of partner nations on issues of a strategic nature. Each workshop would have specifically tailored objectives jointly developed by the United States and the participant nation. Although this is a minor budget item, it represents a crucial element in realizing long-term CT objectives.
- *Enabling Equipment (\$5,741,847)* – Enabling equipment grants ensure the successful transfer of knowledge and skills gained in the classroom to the operational environment. These grants support the entire ATA program and include the same equipment on which the student delegations receive their



training. With associated equipment grants, students can immediately begin operating in their own jurisdictions with the techniques and capabilities their training provides.

**Program Assessment Rating Tool (PART)/Performance Evaluation**

For preparation of the FY 2007 budget, the Administration reevaluated the Department’s Anti-Terrorism Assistance Program using the Program Assessment Rating Tool (PART). While the FY 2007 reassessment score has not been determined as of this report, the program’s second PART review in FY 2006 showed a rating of effective. The program achieved outstanding scores in the area of program purpose and design, recognizing that the program fills a specific need to build capacity of key countries abroad to fight terrorism. The PART evaluation is one of the factors in the overall decision-making process for resources allocations.

The FY 2006 PART assessment recommended managers fully implement the country rating system, develop efficiency measures and incorporate both into the PART for the FY 2007 budget. Both of these recommendations were implemented in the FY 2007 submission.

Key Indicators: (1) Average length of time a participating country spends in basic CT training; and (2) Number of participating countries that achieve a capability to effectively deter, detect and counter terrorist organizations and threats and sustain those capabilities.

**Performance Ratings**

<b>PART Long-Term Goal - 1</b>	
Antiterrorism capabilities of participant countries are sufficient to deter, detect, and counter terrorist organizations and threats in support of the Global War on Terrorism.	
<b>Part Measure/Performance Indicator and Rating</b>	
Number of Participant Countries That Achieve and Sustain a Capability to Effectively Deter, Detect, and Counter Terrorist Organizations and Threats	
<b>FY 2003 Baseline</b>	New Measure
<b>FY 2004 Rating</b>	<b>ON TARGET</b>
<b>FY 2005 Target</b>	Egypt and Morocco ascend from basic through advanced training or order to sustain competence in countering terrorist activities and threats.
<b>FY 2005 Rating</b>	
<b>FY 2006 Target</b>	Turkey and Kazakhstan ascend from basic through advanced training in order to sustain competence in countering terrorist activities and threats.
<b>FY 2007 Target</b>	4 Countries
<b>FY 2008 Target</b>	4 Countries
<b>Means/Actions to Achieve FY 2007 Target</b>	
<ul style="list-style-type: none"> <li>ATA has developed a “Sustainment Plan” to facilitate the progress of participant countries’ through ascending levels of assistance beginning with basic training, moving to advanced training, establishing sustainment, and graduating to programs designed to maintain enhanced engagement.</li> </ul>	
<b>Other Performance Information</b>	
<b>Actual Results for FY 2004 and Basis for Performance Rating</b>	
Israel and South Africa ascended from basic through advanced training and have attained competence in countering terrorist activities and threats.	

<b>Basis of FY 2005 To-Date Performance Rating</b>
<b>Explanation of Changed Targets</b> Long-term target established in conjunction with the PART during the FY 2005 Budget review process.
<b>Verification</b> ATA conducts bi-annual country program reviews in which a quantifiable performance measurement system is used. A baseline will be established during the initial assessment, and impact will be measured using the same quantifiable system during reviews.
<b>Validation</b> Anti-Terrorism Assistance (ATA) not only provides quality training to priority counterterrorism countries but enables each country to achieve sustainment by providing them with the capability to incorporate anti-terrorism curriculum into their own training methods over a set course of time.

<b>PART Long-Term Goal - 2</b>
Strengthening the bilateral ties of the U.S. with friendly foreign governments by offering concrete assistance in areas of mutual concern.

<b>Part Measure/Performance Indicator and Rating</b>	
Level of response by participant countries to requests by the U.S. Government for security and investigative assistance and participate in bi-lateral policy initiatives.	
<b>FY 2002 Baseline</b>	To be established during individual country assessments.
<b>FY 2004 Target</b>	New Measure
<b>FY 2004 Rating</b>	
<b>FY 2005 Target</b>	New Measure
<b>FY 2005 Rating</b>	
<b>FY 2006 Target</b>	10% increase in level of responsiveness to post's law enforcement related requests
<b>FY 2007 Target</b>	15% increase in level of responsiveness to post's law enforcement related requests
<b>FY 2008 Target</b>	15% increase in level of responsiveness to post's law enforcement related requests
<b>Means/Actions to Achieve FY 2007 Target</b>	
<ul style="list-style-type: none"> <li>Engaging foreign law enforcement officers in training and assistance activities develops personal and profession relationships key to improving the bilateral relationship between countries. Officers who travel to the U.S. have the opportunity to learn first hand about Americans and their culture.</li> </ul>	
<b>Other Performance Information</b>	
<b>Actual Results for FY 2004 and Basis for Performance Rating</b>	
<b>Basis of FY 2005 To-Date Performance Rating</b>	
<b>Explanation of Changed Targets</b> ATA has implemented a new quantifiable measurement system using a 1 to 5 Likert scale. A country's level of responsiveness will be rated under this system and increases measured.	

<p><b>Verification</b> ATA conducts bi-annual country program reviews in which quantifiable performance measurements system is used. A baseline will be established during the initial assessment, and impact will be measured using the same quantifiable system during reviews.</p>
<p><b>Validation</b> Each country in the ATA program will have specific and attainable goals identified in their Country Assistance Plan including improvement in bilateral relationship in terms of level of responsiveness to post's law enforcement requests.</p>

<b>PART Long-Term Goal - 3</b>
Increasing respect for human rights by sharing with civilian authorities modern, humane, and effective antiterrorism techniques.

<b>Part Measure/Performance Indicator and Rating</b>	
Reduction in number of human rights violations by law enforcement that occur within participant countries without judicial action.	
<b>FY 2002 Baseline</b>	Individual country data from DRL Country Reports on Human Rights Practices.
<b>FY 2004 Target</b>	New Measure.
<b>FY 2004 Rating</b>	
<b>FY 2005 Target</b>	5% reduction.
<b>FY 2005 Rating</b>	
<b>FY 2006 Target</b>	10% reduction.
<b>FY 2007 Target</b>	15% reduction.
<b>FY 2008 Target</b>	15% reduction.
<b>Means/Actions to Achieve FY 2007 Target</b>	
<ul style="list-style-type: none"> <li>All of ATA training courses contain specific modules on Human Rights topics. In addition, all modules taught are consistent with basic internationally recognized standards of human rights.</li> </ul>	
<b>Other Performance Information</b>	
<b>Actual Results for FY 2004 and Basis for Performance Rating</b>	
<b>Basis of FY 2005 To-Date Performance Rating</b>	
<b>Explanation of Changed Targets</b> n/a	
<p><b>Verification</b> DRL tracks and reports annually on the Human Rights records of all countries including those who participate in ATA training. ATA will use this reporting as well as reporting from post.</p>	
<p><b>Validation</b> ATA actively promotes respect for Human Rights in all training. Students are vetted to ensure that they have not been charged or convicted of a Human Rights Violations. DRL tracks each country's record for Human Rights violations.</p>	

<b>PART Key/Annual Goal - A</b>
Provide sufficient ATA courses to meet demand and conduct full quantifiable performance measurements for participant countries bi-annually.

<b>Part Measure/Performance Indicator and Rating</b>	
Number of countries in which a quantifiable needs assessment and program review rating system for measuring CT capacity is implemented, which includes the number of Country Assistance Plans (CAP) developed and ATA courses conducted and number of quantifiable country assessments are achieved.	
<b>FY 2002 Baseline</b>	A quantifiable needs assessment and program review rating system for measuring CT capacity including the use of CAPs did not exist.
<b>FY 2004 Target</b>	Quantifiable needs assessment and program review rating system is applied to 12 countries.  CAPs are developed with 12 countries.  CAP objectives are achieved as scheduled in 12 countries.
<b>FY 2004 Rating</b>	<b>ON TARGET</b>
<b>FY 2005 Target</b>	Quantifiable needs assessment and program review rating system is applied to 12 countries.  CAPs are developed with 12 countries.  CAP objectives are achieved as scheduled in 12 countries.  Progress is measured in 12 countries.
<b>FY 2005 Rating</b>	<b>ON TARGET</b>
<b>FY 2006 Target</b>	Quantifiable needs assessment and program review rating system is applied to 12 countries.  CAPs are developed with 12 countries.  CAP objectives are achieved as scheduled in 12 countries.  Progress is measured in 12 countries.
<b>FY 2007 Target</b>	Quantifiable needs assessment and program review rating system is applied to 20 countries.  CAPs are updated on findings from each assessment visit.
<b>FY 2008 Target</b>	Quantifiable needs assessment and program review rating system is applied to 20 countries.  CAPs are updated on findings from each assessment visit.
<b>Means/Actions to Achieve FY 2007 Target</b>	
<ul style="list-style-type: none"> <li>• Develop and deploy a quantifiable needs assessment and program review rating system.</li> </ul>	
<b>Other Performance Information</b>	
<b>Actual Results for FY 2004 and Basis for Performance Rating</b>	
Progress measured successfully in 12 countries is underway.	
<b>Basis of FY 2005 To-Date Performance Rating</b>	
Progress measured successfully in 12 countries is underway.	
<b>Explanation of Changed Targets</b>	
The targets were changed to respond to recommendations made by OMB in its PART review of ATA.	

<p><b>Verification</b> S/CT and ATA will conduct bi-annual program reviews to measure progress in the areas for which the participating unit was trained and assess additional assistance needs to sustain the country's developing antiterrorism capacity. Program reviews will assess quality of partner CT capabilities.</p>
<p><b>Validation</b> ATA provides the law enforcement community of foreign countries with the antiterrorism skills needed to protect U.S. citizens and interests overseas and prevent terrorists from reaching the U.S. homeland.</p>

<b>Part Measure/Performance Indicator and Rating</b>	
Number of MATT courses provided in countries experiencing a terrorism-related crisis.	
<b>FY 2002 Baseline</b>	ATA had not yet developed MATT.
<b>FY 2004 Target</b>	MATT is established and 3 courses piloted.
<b>FY 2004 Rating</b>	<b>ON TARGET</b>
<b>FY 2005 Target</b>	MATT responds to address identified needs in countries experiencing a terrorism-related crisis.
<b>FY 2005 Rating</b>	<b>ON TARGET</b>
<b>FY 2006 Target</b>	MATT responds to address identified needs in countries experiencing a terrorism-related crisis.
<b>FY 2007 Target</b>	MATT responds to address identified needs in countries experiencing a terrorism-related crisis.
<b>FY 2008 Target</b>	MATT responds to address identified needs in countries experiencing a terrorism-related crisis.
<b>Means/Actions to Achieve FY 2007 Target</b>	
<ul style="list-style-type: none"> <li>Deploy MATT “fly-away” training teams as needed.</li> </ul>	
<b>Other Performance Information</b>	
<b>Actual Results for FY 2004 and Basis for Performance Rating</b>	
The MATT course lesson plan has been developed. Progress is on target.	
<b>Basis of FY 2005 To-Date Performance Rating</b>	
The MATT course lesson plan has been developed. Progress is on target.	
<b>Explanation of Changed Targets</b>	
N/A	
<b>Verification</b>	
ATA tracks on a monthly and quarterly basis training courses completed. S/CT and DS conduct quarterly joint program reviews in which it assesses the status of training courses. ATA publishes an annual report to Congress detailing the number of courses provided.	
<b>Validation</b>	
Participant countries with limited security personnel were increasingly compelled to not send, or quickly withdraw, their students from training to respond to operational crisis in their home country. ATA developed the MATT as a means to rapidly deliver in-country training.	

<b>VIII. Association Between Long Term Goals and Key/Annual Goals</b>			
<b>Long Term Goals</b>		<b>Key/Annual Goals</b>	
3	Increasing respect for human rights by sharing with civilian authorities modern, humane, and effective antiterrorism techniques.	A	Provide sufficient ATA courses to meet demand and conduct full quantifiable performance measurements for participant countries bi-annually.

**IX. PART Funding Sources**

NADR-ATA,D&amp;CP

**X. OMB Findings and Recommendations**

<b>OMB Finding/Recommendation</b>	<b>Status</b>	<b>Department Actions</b>
Seek to improve long-term outcome measure to capture qualitative improvements to host country capabilities.	On Track	Work with OMB, S/CT has improved long-term outcome measures to better capture improvements in host country capabilities.
Demonstrate progress on newly developed efficiency measure and incorporate refined measure into the FY 2006 budget.	On Track	A revised efficiency measure has been developed and submitted with the PART input for this year's reassessment. The measure has been approved by OMB.
Fully implement the country rating system and use in development of FY2006 budget.	On Track	Recommendation Completed

**Anti-terrorism Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Chad	988	1,350	693
Comoros	-	56	-
Djibouti	-	170	400
Ethiopia	301	335	425
Kenya	3,484	3,168	2,938
Madagascar	-	56	-
Malawi	-	118	-
Mali	1,249	1,505	954
Mauritania	1,483	500	345
Mauritius	479	1,324	345
Namibia	37	-	-
Niger	1,400	955	576
Nigeria	-	435	-
Senegal	339	168	-
Seychelles	-	56	-
South Africa	-	14	50
Swaziland	-	119	-
Tanzania	731	685	1,042
Africa Regional	578	750	1,595
Trans-Sahara Counter-terrorism Initiative (TSCTI)	-	-	7,240
<b>Subtotal - Africa</b>	<b>11,069</b>	<b>11,764</b>	<b>16,603</b>
<b>East Asia and the Pacific</b>			
Brunei	40	42	-
Indonesia	5,987	5,542	6,141
Malaysia	2,181	1,112	3,065
Philippines	1,952	4,077	4,457
Singapore	234	402	525
Thailand	1,232	2,346	1,334
East Asia and the Pacific Regional	591	850	-
<b>Subtotal - East Asia and the Pacific</b>	<b>12,217</b>	<b>14,371</b>	<b>15,522</b>
<b>Europe and Eurasia</b>			
Albania	856	375	589
Armenia	332	165	1,000
Azerbaijan	808	400	948
Bosnia and Herzegovina	1,212	650	580
Estonia	-	75	-
Georgia	941	1,804	1,014
Greece	137	-	-

**Anti-terrorism Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Hungary	-	75	-
Latvia	-	75	-
Lithuania	-	75	-
Macedonia	1,718	1,225	1,009
Poland	-	83	-
Romania	-	75	-
Turkey	618	870	791
Ukraine	-	433	-
Europe and Eurasia Regional	1,157	350	705
<b>Subtotal - Europe and Eurasia</b>	<b>7,779</b>	<b>6,730</b>	<b>6,636</b>
<b>Near East</b>			
Algeria	482	-	575
Bahrain	1,489	3,098	955
Egypt	76	1,425	1,510
Iraq	-	-	5,000
Israel	210	526	320
Jordan	849	880	935
Kuwait	814	840	1,070
Morocco	1,874	509	895
Oman	254	1,300	1,045
Qatar	1,379	1,274	1,493
Saudi Arabia	760	-	400
Tunisia	-	1,183	525
United Arab Emirates	284	810	1,105
Yemen	1,823	550	1,596
Near East Asia Regional	205	2,165	445
<b>Subtotal - Near East</b>	<b>10,499</b>	<b>14,560</b>	<b>17,869</b>
<b>South and Central Asia</b>			
Afghanistan	6,064	12,073	6,050
Afghanistan SUP	17,100	-	-
Bangladesh	493	100	3,413
India	3,596	2,270	978
Kazakhstan	306	450	975
Kyrgyz Republic	450	3,293	425
Nepal	2,771	991	1,036
Pakistan	6,051	6,100	8,590
Sri Lanka	-	275	-
Tajikistan	989	1,190	2,114
Uzbekistan	2,408	-	500



**Anti-terrorism Assistance**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
South Asia Regional	-	350	95
<b>Subtotal - South and Central Asia</b>	<b>40,228</b>	<b>27,092</b>	<b>24,176</b>
<b>Western Hemisphere</b>			
Argentina	125	216	50
Bahamas	734	1,532	-
Barbados	96	878	654
Brazil	150	975	790
Colombia	5,118	5,318	3,090
Dominican Republic	111	239	979
El Salvador	267	119	-
Jamaica	65	56	1,355
Mexico	285	-	225
Panama	-	-	50
Paraguay	146	410	540
Peru	-	119	-
Trinidad and Tobago	49	979	2,849
Tri-Border Initiative	500	-	-
Western Hemisphere Regional	274	1,400	1,285
<b>Subtotal - Western Hemisphere</b>	<b>7,920</b>	<b>12,241</b>	<b>11,867</b>
<b>Global</b>			
ATA Alumni Network	590	710	-
ATA Program Management	27,058	22,666	23,544
ATA Senior Policy Engagement Conferences	-	500	1,000
ILEA Regional Training	-	-	3,100
New Course Development	13,540	8,119	8,042
Program Equipment	4,000	3,512	7,241
<b>Subtotal - Global</b>	<b>45,188</b>	<b>35,507</b>	<b>42,927</b>
<b>Total</b>	<b>134,900</b>	<b>122,265</b>	<b>135,600</b>

## Counterterrorism Financing

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-CTF	7,192	7,425	9,080

The CTF program is working bilaterally, regionally, and multilaterally with countries whose financial systems are deemed most vulnerable to terrorist financing. U.S. counterterrorism finance assistance programs are aimed at reinforcing the legal, judicial, financial regulatory, financial intelligence, and law enforcement capabilities of foreign governments to detect, dismantle, and deter terrorist financing networks and thwart terrorist acts. These training programs will be conducted on a bilateral and multilateral basis, in the United States or in the host country, depending on the needs of each country. The focus areas of this program are as described below:

- To detect, investigate and root out terrorist networks proactively by “following the money,” as well as to freeze assets, and to prevent the abuse of financial institutions, businesses, cash couriers and charitable organizations as conduits for money to terrorist organizations.
- To establish the legal framework, the United States will assist host governments to draft, amend and enact the legal measures necessary to criminalize terrorist financing and money laundering and provide the necessary authorities to develop strong cases in order to prosecute financial crimes.
- On the financial regulatory front, the United States will continue to train bank examiners and financial regulators on methods to detect money laundering and terrorist financing and share “best practices” with financial regulators and private financial institutions, considered the frontline of the war against terrorist financing.
- To reinforce Financial Intelligent Units (FIU) capabilities, the United States will provide advanced training courses for FIU personnel to collect, analyze and disseminate suspicious transaction reports and identify appropriate Information Technology solutions to make FIU’s more efficient.
- For financial crime investigations, the United States will continue to train law enforcement authorities on the most effective methods to investigate terrorist financing and money laundering crimes.

The program is intensifying its focus on combating the abuse of charities, alternative remittance systems, and cash couriers by terrorist financiers. Multilaterally, we will work with regional and international organizations such as the United Nation Counter Terrorism Committee, Financial Action Task Force, the European Union, and G-8, as well as other foreign government experts such as the U.K. Charities Commission, to enhance the coordination of CT-finance capacity-building efforts. We have assessed the financial systems of 19 of the 24 CT finance priority countries and have provided training to the majority of them. Afghanistan and Iraq will be added to our list of priority countries as they need to build sound financial institutions and establish government oversight mechanisms to combat terrorist financing and money laundering.

In FY 2007, \$9.08 million in NADR funds will further develop the CT finance regimes in countries already assessed through these programs and establish CT finance regimes for the newly added priority countries.

**Counterterrorism Financing**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Africa Regional	200	800	325
Cote d'Ivoire	-	300	-
Kenya	700	100	600
Nigeria	100	200	600
Tanzania	-	100	600
<b>Subtotal - Africa</b>	<b>1,000</b>	<b>1,500</b>	<b>2,125</b>
<b>East Asia and the Pacific</b>			
East Asia and the Pacific Regional	1,150	800	-
Indonesia	-	100	1,180
Malaysia	70	100	-
Philippines	-	200	680
Thailand	50	100	-
<b>Subtotal - East Asia and the Pacific</b>	<b>1,270</b>	<b>1,300</b>	<b>1,860</b>
<b>Europe and Eurasia</b>			
Europe and Eurasia Regional	50	300	-
Bosnia and Herzegovina	150	-	100
Turkey	-	-	100
<b>Subtotal - Europe and Eurasia</b>	<b>200</b>	<b>300</b>	<b>200</b>
<b>Near East</b>			
Near East Asia Regional	100	600	800
Egypt	385	200	100
Iraq	-	-	1,980
Jordan	350	100	200
Kuwait	-	300	-
Morocco	200	200	100
Qatar	-	300	-
Saudi Arabia	200	100	-
United Arab Emirates	-	300	-
<b>Subtotal - Near East</b>	<b>1,235</b>	<b>2,100</b>	<b>3,180</b>
<b>South and Central Asia</b>			
South Asia Regional	650	300	925
Afghanistan	1,170	700	400
Bangladesh	100	100	100
Pakistan	-	-	100
<b>Subtotal - South and Central Asia</b>	<b>1,920</b>	<b>1,100</b>	<b>1,525</b>

**Counterterrorism Financing**  
(\$ in thousands)

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Request</b>
<b>Western Hemisphere</b>			
Western Hemisphere Regional	350	800	-
Paraguay	665	100	-
<b>Subtotal - Western Hemisphere</b>	<b>1,015</b>	<b>900</b>	<b>-</b>
<b>Global</b>			
Admin/Assessments	200	200	-
Program Equipment	352	25	190
<b>Subtotal - Global</b>	<b>552</b>	<b>225</b>	<b>190</b>
<b>Total</b>	<b>7,192</b>	<b>7,425</b>	<b>9,080</b>

## CT Engagement with Allies

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-CTE	1,984	990	1,000

The Office of the Coordinator for Counterterrorism (S/CT) works to ensure uses diplomatic, military, law enforcement, intelligence, and judicial cooperation of partner nations as *the* key element of a successful international counterterrorism effort with partners. Programs funded with these monies include conferences to foster regional (U.S. embassy and host country) cooperation on issues such as maritime security/terrorist interdiction, mainstream Muslims' engagement against extremism, border security, and interdiction of weapons of mass destruction and their components. In the past, such conferences provided the impetus for the \$500 million Trans-Sahara Counterterrorism Initiative.

For FY 2007, we propose to sponsor conferences on maritime security/terrorist safe haven issues in South East Asia and with Middle East posts to address the issue of Foreign Fighters in Iraq. Additional programs will 1) foster cooperation between partner nations' intelligence officials, police and prosecutors to enhance their ability to bring terrorist to justice; 2) fund resident legal advisors to provide sustained assistance in development of CT laws and Joint CT Task Forces; and 3) sponsor training to enable weak but willing partners to meet international standards for travel document security. We are working closely with donors such as the UK and Australia to coordinate and leverage assistance in these areas.

- Support counterterrorism goals in Latin America through the Inter-American Committee Against Terrorism (CICTE) Executive Secretariat.
- Strengthening legal regimes in partner countries.
- Support implementation of the Organization for Security and Cooperation in Europe (OSCE) travel document security initiative, as proposed by the United States and adopted at a recent OSCE Ministerial level meeting.
- Support training and assistance conferences and provide donor assistance to the Asia Development Bank to support counterterrorism proposals, consistent with a recent APEC Summit commitment.

Provide support to the African Union, which has recently opened a counterterrorism center in Algiers. Continued U.S. assistance will help to shape this organization to support U.S. counterterrorism goals in Africa.

## Terrorist Interdiction Program

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-TIP	4,960	5,445	11,800

The Terrorist Interdiction Program (TIP) serves to enhance the security of Americans both at home and abroad by strengthening international cooperation in the fight against terrorism and assisting participating nations with securing their borders. TIP strives to significantly impact terrorists' freedom of movement between countries by providing participating nations with a computer network enabling immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. TIP also provides participating nations with increased capability to collect, compare, and analyze traveler data and contribute to the global effort to understand terrorist methods and track their movements.

Terrorists are known to take advantage of nations with little or no effective capability to identify or track their passage, and which therefore pose little risk of apprehension. By providing a fast, secure and reliable means to gather information on every person entering or leaving through national ports of entry, and the means to check each person's identity against a current terrorist watch list, on the spot, TIP provides the potential to dramatically complicate and/or disrupt terrorist planning and execution.

TIP installs and maintains the Personal Identification Secure Comparison and Evaluation System (PISCES) at selected air, land and sea points of entry in participating nations. PISCES workstations installed throughout a country are linked by wide area network to the participating nation's immigration, police or intelligence headquarters. The headquarters is provided with the automated capability to monitor activities at immigration points, evaluate traveler information and conduct real time data analysis.

TIP provides all necessary hardware and software, full installation, operator training, and system sustainment. Additionally, TIP assists with immigration business process improvement at ports of entry chosen for PISCES installation.

TIP provides the structure and methodology for meaningful counterterrorism cooperation between the United States and the participating nation. Host nation and USG elements can identify trends and patterns, track suspicious individuals, collect evidentiary data, and link information in post-event analysis.

For FY 2007, funds requested will support significant enhancements to the existing watch listing system software in order to provide a fraudulent document detection capability, a biometrics search capability, and greatly improved name-searching effectiveness. Funds will also support program expansion and strengthening specifically within the highest priority countries, namely Iraq, Afghanistan, Pakistan, Yemen and Kenya. Funds are also required to sustain existing system capabilities in the twenty other countries expected to be participating in the program in 2007.

### **Program Assessment Rating Tool (PART)/Performance Evaluation**

TIP was assessed as "effective" in its re-evaluation under the PART process for the FY 2005 budget cycle. As a result, the TIP program will no longer be evaluated, thus no evaluation will be done for FY 2006 or FY 2007.

For FY 2005 and FY 2006, key Indicators for the program included: (1) Number of TIP PISCES phased installations completed per yearly appropriation; (2) Percentage of the highest priority countries capable of screening for terrorists through implementation of the Terrorist Interdiction Program; and (3) Percentage of

foreign government usage of the Terrorist Interdiction Program's watch list system across all sites at which the system is installed.

**Terrorist Interdiction Program**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Cote d'Ivoire	-	-	50
Djibouti	25	-	75
Ethiopia	-	-	200
Ghana	-	-	50
Kenya	285	-	300
Senegal	-	-	50
Tanzania	-	-	175
Uganda	-	-	150
Zambia	-	-	125
<b>Subtotal - Africa</b>	<b>310</b>	<b>-</b>	<b>1,175</b>
<b>East Asia and the Pacific</b>			
Cambodia	-	-	50
Philippines	-	-	200
Thailand	1,000	1,695	400
<b>Subtotal - East Asia and the Pacific</b>	<b>1,000</b>	<b>1,695</b>	<b>650</b>
<b>Europe and Eurasia</b>			
Georgia	-	-	150
Kosovo	-	-	150
Macedonia	-	-	150
Malta	-	-	50
<b>Subtotal - Europe and Eurasia</b>	<b>-</b>	<b>-</b>	<b>500</b>
<b>Near East</b>			
Algeria	-	-	200
Iraq	750	-	1,000
Morocco	-	-	175
Tunisia	-	-	150
Yemen	100	-	400
<b>Subtotal - Near East</b>	<b>850</b>	<b>-</b>	<b>1,925</b>
<b>South and Central Asia</b>			
Afghanistan	100	500	400
Bangladesh	300	-	200
Nepal	-	-	150
Pakistan	900	1,000	1,000
<b>Subtotal - South and Central Asia</b>	<b>1,300</b>	<b>1,500</b>	<b>1,750</b>



**Terrorist Interdiction Program**  
(\$ in thousands)

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Request</b>
<b>Global</b>			
Program Equipment	1,500	2,250	5,800
<b>Subtotal - Global</b>	<b>1,500</b>	<b>2,250</b>	<b>5,800</b>
<b>Total</b>	<b>4,960</b>	<b>5,445</b>	<b>11,800</b>

**Humanitarian Demining Program**  
(\$ in thousands)

<b>Account</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>NADR-HD</b>	<b>68,944</b>	<b>65,340</b>	<b>74,300</b>
Humanitarian Demining Program	59,024	55,440	64,300
International Trust Fund	9,920	9,990	10,000

**Strategic Goal: Humanitarian Response**

<b>Performance Goal</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>HT.01 Assistance for Refugees and other Victims</b>	68,944	65,340	74,300

The U.S. Humanitarian Demining Program seeks to relieve human suffering caused by landmines and unexploded ordnance (UXO) while promoting U.S. foreign policy interests. Program objectives are designed to protect victims of conflict and promote regional stability by reducing civilian casualties, creating conditions for the safe return of refugees and internally displaced persons (IDPs) to their homes, and restoring access to land and infrastructure. The U.S. furthers these objectives by supporting mine action projects and by helping to develop indigenous mine action capabilities in mine-affected nations.

The FY 2007 request for \$64,300,000 in humanitarian demining and \$10,000,000 in International Trust Fund (ITF) demonstrates a continued U.S. commitment to foster a world that is safe from the impacts of landmines. The U.S. has contributed more than \$1 billion from Department of State, Department of Defense and U.S. Agency for International Development sources to support mine action efforts in over forty countries. Besides contributing to a global reduction in landmine casualties from over 26,000 in 2000 to under 10,000 this year, programs supported by these funds have returned thousands of hectares of land to productive use, rehabilitated vital infrastructure such as roads, wells and schools, as well as facilitated the safe return of millions of refugees. NADR Humanitarian Demining Program funding is being requested for 15 country programs and a variety of multi-national and crosscutting mine action initiatives. Funds will be provided to commercial firms, international organizations, and non-governmental organizations to support mine clearance operations, purchase detection, clearance equipment, facilitate training and/or provide mine risk education. An additional \$10,000,000 in funds for mine action is being requested and justified under the NADR ITF section. All of these activities will be closely coordinated with NADR small arms light weapons (SA/LW) and conventional weapons destruction efforts to ensure the greatest possible synergy between the programs.

<b>Initiative/Program</b>	<b>Humanitarian Mine Action and Post-Conflict Security</b>	
<b>Description</b>	PM's humanitarian mine action program advances sustainable development and global interests by providing a humanitarian response to the harmful social and economic effects generated by landmines, unexploded ordnance and abandoned ordnance	
<b>Indicator</b>	Countries Reaching Sustainment or End State/Cumulative Budget Authority	
<b>Targets</b>	<b>FY 2006</b>	19 countries/\$599 million measure: 3.2
	<b>FY 2005</b>	18 countries/\$519 million measure: 3.5

Performance Outcomes: The humanitarian demining program has achieved a number of performance results, including:

- Afghanistan: In 2005 State funded demining and clearance teams have cleared approximately 14,000,000 sq. meters of land and destroyed 200,000 explosive devices. Of special interest our EOD teams have additionally destroyed 82 man-portable air defense systems (MANPADS) and 36,402 rockets.
- Azerbaijan: The robust USG assistance provided since FY 2000 has added much needed stability to the program and increased Azerbaijan National Agency for Mine Action ability to synchronize operations, expand capacity and ensure quality training and oversight. Between 2001 and 2004, 13.8 million square meters of land has been cleared. A national plan has been developed to eliminate the threat of landmines and UXO from all accessible areas of the country by 2008.
- Laos: With substantive U.S. assistance, Laos established the National Regulatory Agency in September 2004 to manage HMA. UXO Laos is actively expanding HMA operations and has developed a comprehensive strategic plan. U.S. assistance is focused on the development of a responsive and accountable mine action program and increased capacity. Laos cleared 8.8 million square meters (m<sup>2</sup>) of mines and UXO in 2003, 11.31 million square meters in 2004 and 9.16 million in the first half of 2005.
- Lebanon: The highly successful integration of mine detection dog teams, mechanical flails, and manual deminers have produced a greatly increased rate of mine and UXO clearance and a significant expansion in the amount of cleared land returned to productive use (2002: 145,600 m<sup>2</sup>; 2003; 331,845 m<sup>2</sup>). Beirut became mine-safe in June 2005. Lebanon is well on the way to achieving an indigenous HMA capacity by the end of FY 2009.
- Mozambique: By the end of 2005 there has been substantial progress towards fulfilling the Mozambican five years Mine Action Plan (2002-2006), which supports the Government's National Poverty Reduction Action Plan. Clearance of approximately 6.9 million m<sup>2</sup> of land by government, commercial and NGO operators led to safe working and living environments for 136 villages. U.S. assistance to HALO Trust operations supports reaching impact-free in the four Northern provinces by 2007. Continued assistance to the U.S. military trained Armed Defense Force humanitarian demining cadre will sustain quality of skills and logistical resources.

### **Program Assessment Rating Tool (PART) / Performance Evaluation**

For preparation of the FY 2006 budget, the Administration reevaluated the Department's Humanitarian Demining Program (HDP) using the Program Assessment Rating Tool (PART). The program was again rated as effective. The program makes a unique contribution in providing mine risk education and mine clearance training and assistance with the goal of helping foreign mine-affected nations develop indigenous mine action capabilities. The PART findings were one factor used in the overall decision-making process for resources allocations.

In response to recommendations in the FY 2005 PART review, the HDP revised existing annual performance measures and developed an additional performance measure toward better indications of progress toward to the long-term target that measures the number of countries achieving an indigenous mine action capacity with little external funding support. HDP also demonstrated progress on its efficiency measure and incorporated the measure into the PART for the FY 2006 budget.

Key Indicators: (1) Countries reaching sustainment or end state/cumulative budget authority; (2) Square meters of land cleared in U.S. program countries (3) Number of U.S. program countries able to sustain future operations with indigenous capacity with little to no external funding.

### **Performance Ratings**

<b>Performance Indicator and Rating</b>	
Amount of funds mobilized by outside agencies/organizations for mine action through their participation in the public-private partnership program.	
<b>FY 2002 Baseline</b>	\$3 million generated for mine action by private sector with help of PM/WRA.
<b>FY 2004 Target</b>	Help partners generate \$5 million for mine action.
<b>FY 2004 Rating</b>	<b>SIGNIFICANTLY ABOVE TARGET</b>
<b>FY 2005 Target</b>	Help partners generate \$7 million for mine action.
<b>FY 2005 Rating</b>	<b>SIGNIFICANTLY ABOVE TARGET</b>
<b>FY 2006 Target</b>	Help partners generate \$8 million for mine action.
<b>FY 2007 Target</b>	Help partners generate \$10 million for mine action.
<b>FY 2008 Target</b>	Help partners generate \$12 million for mine action and Small Arms / Light Weapons destruction

<b>Part Measure/Performance Indicator and Rating</b>	
Number of countries receiving U.S. humanitarian mine action assistance that eliminated the most pressing humanitarian impacts and are now able to sustain future operations with indigenous capacity with little to no external funding.	
<b>FY 2002 Baseline</b>	9
<b>FY 2004 Target</b>	17
<b>FY 2004 Rating</b>	<b>SLIGHTLY BELOW TARGET</b>
<b>FY 2005 Target</b>	15
<b>FY 2005 Rating</b>	<b>ABOVE TARGET</b>
<b>FY 2006 Target</b>	17
<b>FY 2007 Target</b>	19
<b>FY 2008 Target</b>	21

<b>Part Measure/Performance Indicator and Rating</b>	
Percentage of countries targeted for end state in 2009 that are meeting all capacity-building targets as defined in their respective country plans.	
<b>FY 2003 Baseline</b>	N/A - new indicator in FY 2004
<b>FY 2004 Target</b>	75%
<b>FY 2004 Rating</b>	<b>ON TARGET</b>
<b>FY 2005 Target</b>	80%
<b>FY 2005 Rating</b>	<b>ON TARGET</b>
<b>FY 2006 Target</b>	85%
<b>FY 2007 Target</b>	90%
<b>FY 2008 Target</b>	90%

**Humanitarian Demining Program**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Sudan	2,500	2,400	3,500
Angola	6,172	6,000	6,000
Chad	1,000	2,200	3,000
Eritrea	2,800	350	400
Guinea-Bissau	-	-	500
Mozambique	2,336	1,900	1,000
Senegal	-	300	600
<b>Subtotal - Africa</b>	<b>14,808</b>	<b>13,150</b>	<b>15,000</b>
<b>East Asia and the Pacific</b>			
Cambodia	3,920	4,900	5,000
Laos	2,500	3,300	3,400
Vietnam	3,051	3,300	3,500
<b>Subtotal - East Asia and the Pacific</b>	<b>9,471</b>	<b>11,500</b>	<b>11,900</b>
<b>Europe and Eurasia</b>			
Azerbaijan	3,500	2,800	2,500
Georgia	3,000	950	1,500
<b>Subtotal - Europe and Eurasia</b>	<b>6,500</b>	<b>3,750</b>	<b>4,000</b>
<b>Near East</b>			
Iraq	2,840	-	5,000
Lebanon	2,300	1,000	2,000
Yemen	750	700	500
<b>Subtotal - Near East</b>	<b>5,890</b>	<b>1,700</b>	<b>7,500</b>
<b>South and Central Asia</b>			
Afghanistan	13,700	13,500	13,700
Sri Lanka	2,700	3,500	1,000
<b>Subtotal - South and Central Asia</b>	<b>16,400</b>	<b>17,000</b>	<b>14,700</b>
<b>Western Hemisphere</b>			
OAS Demining	1,766	1,740	1,800
Colombia	-	300	750
<b>Subtotal - Western Hemisphere</b>	<b>1,766</b>	<b>2,040</b>	<b>2,550</b>

**Humanitarian Demining Program**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Global</b>			
Demining Administrative Expenses	690	705	700
Demining Crosscutting Initiatives	999	5,595	2,500
Demining Emergency Response	2,500	-	2,500
Demining New Country Programs	-	-	1,500
Demining Post-Graduation Support	-	-	1,450
<b>Subtotal - Global</b>	<b>4,189</b>	<b>6,300</b>	<b>8,650</b>
<b>Total</b>	<b>59,024</b>	<b>55,440</b>	<b>64,300</b>

## International Trust Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-ITF	9,920	9,900	10,000

The program supporting the International Trust Fund (ITF) for Demining and Mine Victims' Assistance is a special component of the U.S. humanitarian demining program, which supports our nation's strategic objective to "Advance sustainable development and global interests" by providing a "humanitarian response" to the harmful social and economic effects generated by landmines, unexploded ordnance (UXO) and abandoned ordnance (AO). In addition, U.S. contributions to the ITF foster regional stability through mine action projects funded by more than 20 countries, the European Union and more than 30 international non-governmental organizations, commercial firms, philanthropic foundations and other donors.

The ITF was established by the Republic of Slovenia, yet operates as an independent international organization. It commenced financial operations in September 1998, initially focusing on Bosnia and Herzegovina. The ITF has been a success both operationally and financially and has become the demining instrument of choice for the international community in the Balkans. Currently, the ITF provides financial support for over two-thirds of all demining operations being conducted in the region. Among ITF's successes are:

- Facilitated the clearance of over 56 million square meters of land in the Balkans and nearly 1 million square meters in the Caucasus region from 1999 to September 2005.
- Advances regional cooperation through its work as a founding member of the South East Europe Mine Action Coordination Council (SEEMAC).
- Fostered mine victims assistance programs through the Slovenian Rehabilitation Institute and rehabilitation centers in Bosnia and Herzegovina and Croatia, which among other services, treated over 860 mine victims and trained over 320 health care specialists.

In May 1998, Congress appropriated \$28 million for the ITF to assist mine-affected countries in the Balkan region. Since then, the United States has contributed more than \$82 million in matching and unilateral contributions to support mine action in the Balkans and the Caucasus. These funds have been provided to the ITF to match other donor contributions, thus effectively doubling funding available for humanitarian mine action projects executed by the international donor community through the ITF. Without the United States matching funds as a draw for other international donors humanitarian mine action in the Balkans would be drastically reduced with significant negative consequences for mine and unexploded ordnance casualty rates, economic development and regional security.

The FY 2007 request for \$10 million will continue matching dollar-for-dollar the contributions of other international donors. In 2005, the ITF operated in Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, coordinating a broad range of mine action activities. The bulk of the FY 2007 contribution will fund humanitarian mine action in Bosnia and Herzegovina and Croatia, which despite the assistance provided through the ITF remain the most heavily mine impacted of the Balkan states, as well as continuing assistance to Albania and Serbia and Montenegro. Some sustainment assistance such as equipment and training will also be provided to indigenous demining capabilities in Macedonia and Kosovo established with past U.S. assistance.

## Small Arms/Light Weapons Destruction

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-SALW	6,944	8,663	8,600

The Global War on Terrorism demands a robust U.S. Government program that aggressively combats the risk of the conventional arms threat. The proliferation of conventional weapons, including man-portable air defense systems (MANPADS) and other small arms and light weapons (SA/LW) and associated munitions, poses a direct threat to the national security of the United States. The NADR-SA/LW program addresses the threat from these and other conventional weapons.

Post Cold War-era surpluses of small arms and light weapons (SA/LW) worldwide—often poorly secured and susceptible to theft or illicit transfer—have become a major source of arms on the global black market. The SA/LW program encourages nations to reduce MANPADS inventories and offers assistance in securing remaining stocks. The Small Arms/Light Weapons Destruction Program seeks to destroy surplus and illicit stocks of military SA/LW and associated ammunition, as well as to assist states to properly secure remaining SA/LW stocks required for legitimate defense needs so that they will not leak into the black market. The program supports U.S. national interests in promoting regional stability, minimizing threats to civilian populations, combating terrorism and crime, rebuilding post-conflict societies, and protecting U.S. and allied forces deployed overseas. SA/LW generally refers to military-style automatic rifles, machine guns, man-portable anti-tank and anti-aircraft missiles, rocket-propelled grenade launchers, and light mortars.

If not expeditiously destroyed or secured, stocks of arms and ammunition left over after the cessation of hostilities frequently recirculate into neighboring regions, exacerbating conflict and crime. The SA/LW program often encounters weapons storage facilities and procedures that could be significantly improved and made more secure with modest improvements. Assisting states to properly secure SA/LW stocks required for defense needs help prevent many weapons from leaking into the black market. This includes not only SA/LW stocks but also larger caliber munitions that the Department will be able to address to counter the threat that poses immediate dangers to civilians and state infrastructures. The program offers large dividends in threat reduction for a modest investment and complements other efforts in the war on terrorism.

The small arms/light weapons program has had a number of successes, including:

- The destruction/disabling of over 16,000 man-portable air defense systems (MANPADS) since 2003.
- The destruction of over 800,000 SA/LW and over 80 million rounds of ammunition in 20 countries since the program's inception in FY 2001.

The FY 2007 request will sustain existing SA/LW and MANPADS reduction programs in countries with significant excess weapons stocks (e.g., Cambodia, Kazakhstan, Serbia and Montenegro, Albania, Bosnia, Ukraine and Yemen). It also will support continued destruction of weapons collected in post-conflict countries such as Afghanistan and Sudan.

In addition to anticipated requirements for the established SA/LW destruction programs, the additional funds will continue to support unforeseen MANPADS elimination and SA/LW destruction needs. As the



program has matured since its inception in 2001, a requirement for a rapid response capability to meet urgent/unforeseen SA/LW destruction needs has emerged.

**Small Arms/Light Weapons Destruction**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Sudan	560	600	600
Angola	115	-	-
<b>Subtotal - Africa</b>	<b>675</b>	<b>600</b>	<b>600</b>
<b>East Asia and the Pacific</b>			
Cambodia	29	200	-
Philippines	-	600	-
<b>Subtotal - East Asia and the Pacific</b>	<b>29</b>	<b>800</b>	<b>-</b>
<b>Europe and Eurasia</b>			
Albania	-	300	300
Azerbaijan	400	-	-
Bosnia and Herzegovina	-	400	700
Bulgaria	-	400	700
Georgia	405	650	-
Russia	-	-	500
Serbia and Montenegro	408	800	2,000
Ukraine	1,500	1,500	-
<b>Subtotal - Europe and Eurasia</b>	<b>2,713</b>	<b>4,050</b>	<b>4,200</b>
<b>Near East</b>			
Yemen	-	800	1,000
<b>Subtotal - Near East</b>	<b>-</b>	<b>800</b>	<b>1,000</b>
<b>South and Central Asia</b>			
Afghanistan	3,000	1,000	1,500
Kazakhstan	295	200	-
Tajikistan	200	-	-
<b>Subtotal - South and Central Asia</b>	<b>3,495</b>	<b>1,200</b>	<b>1,500</b>
<b>Western Hemisphere</b>			
Colombia	-	200	-
Ecuador	-	200	-
Nicaragua	32	-	-
Peru	-	200	-
<b>Subtotal - Western Hemisphere</b>	<b>32</b>	<b>600</b>	<b>-</b>

**Small Arms/Light Weapons Destruction**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Global</b>			
Admin/Assessments	-	-	250
Global Response/New Country Programs	-	613	1,050
<b>Subtotal - Global</b>	-	<b>613</b>	<b>1,300</b>
<b>Total</b>	<b>6,944</b>	<b>8,663</b>	<b>8,600</b>

## Global HIV/AIDS Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
GHAI	1,373,920	1,975,050	2,894,000

The Global HIV/AIDS Initiative account is the principle source of new funding for the President’s Emergency Plan for AIDS Relief (the Emergency Plan). The Emergency Plan’s vision is to help turn the tide of this global pandemic. The FY 2007 request for the GHAI account is \$2.894 billion, a significant increase that will be used to sharply ramp up treatment, care, and prevention activities in the 15 focus countries by building on the demonstrated success of the programs on the ground and the capacity that has been built in the Focus Countries during the first three years of the Emergency Plan. The Emergency Plan’s commitment to holding programs accountable for achieving results has ensured that funds are used effectively and has allowed us to measure the outcomes achieved with U.S. funding. The request includes funding for country-based activities, centrally-funded programs, international partners, technical oversight and management, and strategic information and evaluation activities.

**Country Activities** – \$2.136 billion is requested to expand integrated prevention, care, and treatment programs in 15 focus countries, consisting of Botswana, Cote d’Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia. An additional \$50 million will be used to fund HIV/AIDS activities in other countries, complementing funds provided from the Child Survival and Health Programs Fund (CSH), the Economic Support Fund (ESF), Assistance for the Independent States of the Former Soviet Union (FSA), and from accounts of the U.S. Department of Health and Human Services.

**Central Programs** – \$480 million is requested to support centrally-funded technical leadership and technical assistance activities and specific programs in the following areas: anti-retroviral therapy, safe medical injections, safe blood supply, orphans and vulnerable children, abstinence and faithfulness, human capacity development, twinning of U.S. and overseas institutions, and supply chain management.

**International Partners** - \$127 million will supplement funding from the CSH and Health and Human Services accounts to support international partners. \$100 million is requested for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria from this account in addition to \$200 million proposed under the CSH and HHS accounts. In addition, \$27 million is requested in this account for a contribution to UNAIDS.

**Technical Oversight and Management** - \$65 million is requested to fund technical oversight and management costs. This request includes funding for the salaries and travel costs of the technical and management experts that oversee implementation and monitor and backstop the program from the headquarters of the various agencies that implement the Emergency Plan, including the U.S. Agency for International Development, the Department of Health and Human Services, the Department of Defense, and the Peace Corps, as well as \$13 million to fund the administrative expenses of the Office of the U.S. Global AIDS Coordinator.

**Strategic Information** - \$36 million is requested for Strategic Information activities that monitor program performance; track progress toward goals; evaluate the efficacy of interventions; and provide descriptive information about Emergency Plan activities.

### Use of FY 2007 Funding In the Focus Countries:

Please note: Information on implementing partners is available on the Office of the Global AIDS Coordinator website and in the PEPFAR operational plans. The FY 2007 funding levels for Focus Countries are preliminary and will be reviewed and updated based on country performance data.

**Botswana (\$58 million).** Botswana is experiencing one of the most severe HIV/AIDS epidemics in the world, with the second-highest HIV prevalence in sub-Saharan Africa. About 37.4% of pregnant women 15 to 49 years of age are infected with HIV (2003). Data from the Government of Botswana (GOB) reveals that HIV prevalence in the general population (18 months to 64 years) is 17.1%. There is a growing problem of orphans and vulnerable children (OVC): the 2004 Botswana AIDS Impact Survey (BAIS II) estimates that 16.7% (close to 110,000) of all children aged 0-18 years in Botswana are orphans (i.e. lost at least one parent to death most likely due to AIDS). This number could increase to 159,000-214,000 by 2010.

In FY 2007, the Emergency Plan will focus prevention activities by continuing to support the national prevention of mother-to-child transmission (PMTCT) program and abstinence, behavior change and other prevention activities including a comprehensive community intervention targeting youth and men. Areas for potential expansion include workplace activities, prevention activities targeted specially to HIV positive individuals and discordant couples, and addressing the alcohol-HIV interface.

The Emergency Plan will support basic palliative care by completing its integration in public health facilities and community based activities. The USG will also increase support to ensure full integration of TB/HIV into the ARV program including testing TB patients in all public facilities for HIV infection and screening of people living with HIV/AIDS (PLWHA) for TB infection. The Emergency Plan will support the scale-up of OVC interventions implemented in FY 2006 that resulted in increased coverage, scope and number of OVC served by 20% and will assist the GOB and the large non-governmental organization (NGO), Tebelopele, to strengthen and expand HIV counseling and testing (CT) in all clinical and community settings.

The Emergency Plan will support completion of the rollout of adult and pediatric antiretroviral (ARV) therapies to community clinics. Emphasis will be given to the decentralization of treatment monitoring tests by strengthening laboratory capacities of district hospitals and the community clinic infrastructures. The USG will increase the capacity at the Central Medical Store to improve the supply chain management of ARV drugs and related products and will assist the GOB in strengthening public private partnerships by training private sector doctors on adherence to antiretroviral therapy (ART).

The Emergency Plan will continue to build capacity and strengthen systems by assisting the Ministry of Health (MOH) in the implementation of revised national strategies for human resources and integrated service delivery; strengthening the district-level, community-level, civil society and workplace response to the HIV/AIDS epidemic through targeted programs and training; and providing training for HIV/AIDS program managers.

**Cote d'Ivoire (\$47 million).** Cote d'Ivoire has the highest HIV prevalence in West Africa with an estimated 570,000 HIV-infected people and an urban antenatal prevalence rate of 9.5%. A 19% decrease in life expectancy is estimated in 2005, along with an increase of 53% in the adult mortality rate due to HIV/AIDS, while an estimated 310,000 children have lost one or both parents to the disease. TB continues to be the leading cause of AIDS deaths, with 47% of the annual 18,000 patients newly diagnosed with TB co-infected with HIV and in need of both HIV and TB treatment.

Although chronic political and military crisis continues to divide the country, the interagency Emergency Plan team, in collaboration with the government of Cote d'Ivoire (GOCI) and other partners, is confident that scale-up of service delivery with effective implementation is feasible during FY 2007. HIV prevention activities will be expanded through promotion of targeted behavior change to reduce sexual risks among youth, couples, and HIV-positive persons and their partners while targeting high-risk populations such as uniformed services, ex-combatants, truckers and transactional sex workers to achieve national coverage. The ongoing integration of PMTCT services with linkages to other family-based care and treatment services will be increased with a doubling of sites to more than 200.

In the area of care, the Emergency Plan will continue to help the GOCI expand quality CT services through two complementary strategies: integrated routine provider initiated CT at health services, and sustainable youth- and couple-friendly CT services in community settings. National and local government and the private sector will provide matching funds and/or contributions to promote sustainability and Emergency Plan resources will also complement the work of the Global Fund and other donors. OVC living in HIV-affected families will be identified through the array of HIV and social services and will be linked to a comprehensive care network of services. Linking home and community based palliative care to clinic-based care will provide a continuum of care for PLWHA.

At current funding levels, an estimated 35,000 persons will receive ARV at the end of 2007. As the leading donor, the Emergency Plan will play a critical role in determining the pace of national scale-up; continue to support the national treatment access program; and help strengthen key systems that are critical for scale-up of quality and sustainable treatment services.

Building on 2006 achievements, the Emergency Plan will continue to support human and organizational capacity building; public-private sector partnerships; and improved planning, coordination and advocacy efforts. Programs will address HIV- and gender-related stigma and discrimination and sub-grants to national partners, including community-based organizations (CBO)/faith-based organizations (FBO), will continue to expand the civil-society response to HIV/AIDS. Strategic information activities will continue to promote improved planning and coordination. In 2007, roll-out is planned for the comprehensive monitoring and evaluation (M&E) system at three pilot regions.

**Ethiopia (\$225 million).** Ethiopia is the second most populous country in sub-Saharan Africa with a national adult HIV seroprevalence for 2003 estimated at 4.4%. Approximately 100,000 eligible PLWHA will be on antiretroviral treatment by September 2007 and 262,000 Ethiopians living with HIV/AIDS will be provided a range of medical and non-medical care and support. Approximately 215,000 orphans and other vulnerable children affected by AIDS and 262,000 Ethiopians living with HIV/AIDS will be provided a range of medical and non-medical care and support. PEPFAR assistance will enable approximately 1,000,000 Ethiopians to know their HIV status through CT.

The prevention program, following the abstinence, be faithful and condom (ABC) model, will be operational in all urban and peri-urban hotspots reaching up to 85% of Ethiopia's population with mass media prevention programs and through targeted behavior change programs in communities within the health networks. Prevention activities will focus on youth, the uniformed services, men with mobility/money, commercial sex workers, domestic workers, refugees, and prevention among positives. Prevention efforts in rural areas will include faith- and youth-focused activities. Home births will be targeted to improve PMTCT uptake using health extension workers and traditional birth attendants. The nation's blood supply will be safer with 32 blood banks operational and the proportion of blood donated from volunteers increased.

In the area of care, assistance will support comprehensive service delivery following the ART Health Network model. Each of the network facilities will deliver CT, PMTCT, sexually transmitted infections

(STI), TB, opportunistic infections (OI), and ART services supported by strong strategic information and laboratories. The health network will encompass 126 public (including military and private sector) hospitals and 560 health centers networks in the 11 regions of the country, reaching approximately 75% of the population, or about 55 million people. PLWHA will be provided basic preventive care packages consisting of physical, psychological, social, spiritual, and material care and support. Ethiopian professionals, para-professionals, and community based individuals will be trained to provide appropriate and quality HIV/AIDS prevention, treatment, and care interventions using standardized protocols at each point in the system. Training will be decentralized to the regional and site levels, and major centers (local and US universities) will be linked with each other through tele-health technologies. Emphasis will also be placed on pre-service training to ensure that health workers become equipped with the knowledge they need for HIV practice. The Global Fund and PEPFAR Ethiopia will be fully integrated and extended to areas beyond treatment and World Bank MAP 2 assistance will be leveraged.

**Guyana (\$25 million).** The most recent UNAIDS estimates suggest that Guyana currently has one of the highest incidence rates of HIV infection in the Latin American and Caribbean (LAC) region, second only to Haiti. Adult prevalence is estimated to be about 2.5% and, consistent with trends in other Caribbean countries, the epidemic is generalized. Approximately 1500 adults and children with HIV/AIDS will receive ART and 10,000 individuals will receive care and support by September 2007.

Prevention activities will be implemented through major activities targeting youth and other at-risk populations, such as men-who-have-sex-with-men (MSM), commercial sex workers (CSW), miners and other mobile populations (e.g., loggers, sugar cane workers, transport industry workers, and migrants crossing the Guyana-Brazil border), to encourage primary and secondary abstinence, fidelity messages in sexually active adults, reduce stigma and discrimination, and, where applicable, promote consistent and correct condom use. The Emergency Plan will also continue to support the expansion of high quality PMTCT services by continuing to provide support for 45 PMTCT site facilities by 2007.

In the area of care, the primary focus (outside of facility-based clinical care) will be home-based care and support (HBC). Emergency Plan funds will enable the expansion of services to PLWHA within a HBC model. Services that address the psychological, spiritual, and social support needed by PLWHA and their households will be strengthened. In order to reach the 2007 treatment goal of 1500 patients, approximately 300 ARV-eligible persons will be identified by focusing largely on increasing use and access to prevention services. Work with OVC will be expanded in strong partnership with UNICEF and NGOs. Emergency Plan funds will support care and support services to OVC through the strengthening of referral networks between government, NGO social services and care and support services, and will enhance national capacity to track and support individual OVC cases over time to ensure ongoing provision of quality care and support.

Treatment and support will be expanded in the areas of training, technical assistance, supportive supervision, and provision of drugs and commodities to five hospitals and eight PMTCT supported sites offering care and treatment. In Guyana, the Emergency Plan has funded drug procurements in adult first and second line ARV, OI, and STI medications, as well as pediatric ARV. Forecasting in FY 2006 will determine the treatment levels for second-line therapies, over 1550 OI/STI episodes will be supported, and there will be capacity to handle 600 additional HIV cases through Emergency Plan-supported medications. Additionally, a national HIV reference laboratory which is critical for quality assurance, training, and reference testing will be established with support from the Emergency Plan funds, which in turn will support a network of six laboratories in regional public hospitals where ARV therapy will be provided in 2007. USG will continue to work in close partnership with the GOG to ensure that the coordination of strategic information in Guyana's HIV/AIDS sector is carefully and transparently monitored and assessed on a routine basis, and in full collaboration with all stakeholders.

**Haiti (\$63 million).** Haiti is the poorest nation in the Western Hemisphere and has the lowest gross domestic product per capita in the Caribbean resulting in 77% of its estimated 8,500,000 people living at or below the absolute poverty level according to the UNDP. Haiti also has the highest HIV prevalence of any nation in the Latin American and Caribbean region with the latest estimate for the general population ranging from 2.9% in rural areas to 3.4% in urban areas. Haiti is second only to Brazil in the absolute numbers of HIV positive persons in the Western Hemisphere with an estimated number between 157,710 and 275,742.

The Emergency Plan will continue to support prevention activities, including PMTCT, ARV delivery sites, high risk clinics for commercial sex workers, men who have sex with men, and the police force through strategies such as education regarding early symptoms of STI, AB messages, partner reduction, safe sex practices, and delaying the start of sexual activities messages for the youth. Given the statistic that nearly 80% of pregnant women deliver at home, additional effort will be placed on community based or home based strategies to bring PMTCT to this population.

Care efforts will focus on aggressive and expanded counseling and testing, with a special focus on the most at risk populations (such as CSW/prostitutes, MSM, police force, truck drivers, and migratory workers along the border). Palliative care strategies will encompass the scale up of treatment for opportunistic infections for PLWHA, psychosocial support, and social services that promote adherence to treatment regimens. By FY 2007, major strides in the integration of TB/HIV testing and treatment should be well underway; thus, maintaining this success and ensuring that all TB/HIV patients receive TB/HIV testing with appropriate referral and treatment will be a priority. OVC activities will be guided by the national strategy developed in 2006.

In FY 2007, the Haiti treatment plan will build on the 31 sites anticipated to be operational by the end of FY 2006. All 10 departments will have clinical services available for ARV treatment and the strategy for FY 2007 will continue to promote national geographical coverage for ARV services in all 10 departments. Emphasis will continue to be placed on developing public sites and promoting public/private partnerships to deliver ARV services. ARV drug procurement will continue to be managed by the contracted partner through the Supply Chain Management System. Following the completion of the National Reference Laboratory in 2006, collaboration will continue to develop the technical capacity of this new institution in the areas of TB culture, HIV resistance testing, and quality assurance (QA)/quality control (QC) capacity.

The final component of the FY 2007 PEPFAR plan will focus on extending the electronic medical record system to the remaining sites, and linking this system with the national surveillance system in order to report aggregated data. A national policy regarding one monitoring and evaluation system for HIV/AIDS activities and a well defined coordinating structure for all HIV/AIDS activities will be developed in collaboration with the Global Fund, other donors and the Ministry of Public Health and Population (or MSPP).

**Kenya (\$285 million).** Kenya has achieved remarkable results in the first two years of the Emergency Plan, particularly in treatment with the number of Kenyan's on ARVs increasing more than five-fold. With an estimated 1.3 million HIV-positive men, women and children, Kenya ranks among the top five nations globally in numbers of infected citizens. Meeting treatment and care needs for this large population will require significantly increased resources over and above FY 2006 funding levels. Failure to adequately support prevention will mean larger numbers in need of care.

It will be vitally important to continue to place a priority on efforts to prevent new infections so that achievements made to date will not be undermined. Given the large number of HIV-positive women of child-bearing age, effective prevention interventions that complement existing PMTCT and treatment programs targeting women will need to be developed. Prevention programs will continue to emphasize



AB; will work to make the Kenyan blood supply safe and adequate; and will promote the adoption of safer injection practices in public and private health care facilities nationwide.

By 2007, the essential infrastructure for stable HIV treatment capacity of nearly 200,000 Kenyans will be largely in place. Maintaining the gains that have been achieved will be a major challenge. 2007 may be the year in which the percentage of HIV-positive Kenyans in need of second or third line regimens will move from the low single to double digits, which will necessitate development of increased capacity for viral resistance monitoring. The Emergency Plan will continue to work closely with the host government to ensure that public sector/parastatal procurement, warehousing, and distribution systems work as effectively as possible.

By 2007, partners supporting OVC will have fully met the Department of Children's Services (DCS) expectation that all six of a child's essential needs will be met before that child is counted as "supported." In addition to the community based programs supported by the Emergency Plan to curb the explosive growth and inconsistent quality of care in orphanages, the Emergency Plan will work with DCS in 2007 to implement its priority program to inspect, license, and monitor all institutional facilities caring for OVC. The program to integrate TB and HIV services and programs should be fully operational and national in scope by 2007 and the Emergency Plan will continue to support the over 500 VCT sites across Kenya that provide a vital prevention intervention as well as a link to treatment where necessary.

The Emergency Plan will invest in health-maintaining activities, such as adequate nutrition, which can delay the progress of the disease; provide home-based care services to help prevent opportunistic infections; support hospice programs that provide quality services at the end of life; and continue to work in the policy arena to insure that those who are widowed or orphaned by AIDS are neither stigmatized nor exploited.

The Strategic Information team will continue to monitor and report on results being achieved and will build on the strengthened national monitoring and evaluation system that is managed by the Government of Kenya (GOK) so that the combined results of all groups contributing to the response to AIDS can be more adequately assessed.

**Mozambique (\$124 million).** With HIV prevalence among adults aged 15-49 years at 16% in 2004, Mozambique is experiencing a severe, generalized HIV/AIDS epidemic. By the end of FY 2007 in Mozambique, approximately 60,000 adults and children will receive ART for HIV/AIDS, and 430,000 individuals will receive care and support as a result of programs funded by the Emergency Plan.

Emergency Plan activities in Mozambique that prevent the spread of HIV will continue to include PMTCT; promote abstinence, faithfulness, and delay of sexual debut; specifically target high-risk groups (e.g. uniformed services, mobile populations, and migrant workers); and ensure blood, biomedical, and injection safety. In the area of care, the Emergency Plan will enable partner organizations to ensure access to a full complement of six essential services to more than 10% of OVC. The Emergency Plan will continue to provide training and financial support to expand palliative care to people living with HIV/AIDS at both the facility and community levels, where home-based care will be delivered through faith-based, community-based and non-governmental organizations. FY 2007 funds will support service delivery at HIV counseling and testing sites in the Ministry of Health, military hospitals serving civilians as well as military personnel and at the community level. The Emergency Plan will support procurement of HIV test kits, training of counselors, and oversight by the MOH and National AIDS Council. Community based counseling and testing programs will be piloted in FY 2007, and the most effective models will be identified and expanded to additional provinces in FY 2007. The MOH will continue to develop HIV care within TB services and integrate TB/HIV programs at all ARV treatment sites.

During FY 2007, the Emergency Plan will expand access to ARV therapy in Mozambique. Technical assistance and training will strengthen pharmaceutical logistics information and control systems to ensure a reliable supply of ARVs for all sites delivering ARV treatment services. There will be up to 60,000 patients on ART by the end of 2007, including 700 on second-line and 3,000 on pediatric ARVs. The USG will improve and expand laboratory capacity to support implementation of ARV treatment programs in FY 2007 by providing training, equipment and reagents for national and provincial clinical laboratories. Finally, financial support, technical assistance and training will be provided to strengthen strategic information systems, institutional capacity and human resources needed to expand and sustain HIV/AIDS prevention, care and treatment in Mozambique.

**Namibia (\$73 million).** Namibia has a severe, generalized HIV epidemic with an estimated 230,000 HIV-infected individuals and an HIV prevalence of 19.7%. HIV transmission is almost exclusively through heterosexual contact and mother-to-child transmission. The TB case rate of 813 cases per 100,000 is the highest in the world, and HIV co-infection is estimated at 60%. By the end of FY 2007, over 200,000 people will receive care and support and over 34,000 will receive treatment as a result of programs funded by the Emergency Plan.

Prevention activities include PMTCT, AB programs, condom promotion and distribution, targeting of most-at-risk populations, and blood and injection safety. By March 2007, the Emergency Plan goal is to increase coverage to 70% of women eligible for PMTCT services, reaching 37,500 women, and to provide 7,000 HIV-positive pregnant women with a full course of ARV prophylaxis. Abstinence and faithfulness programs will be further expanded in all regions, including the incorporation of alcohol and substance abuse into prevention messages.

Care activities include CT, clinical care, palliative care and support for OVC. Routine provider-initiated counseling and testing will be promoted for HIV/AIDS-related conditions to improve access of PLWHA to prevention, care, and treatment. TB/HIV services will also be supported. Programs to reach the most vulnerable OVC will be expanded, working with ministries, schools, communities and faith-based organizations.

Recruitment and training of additional health care professionals will address the lack of medical providers in Namibia and support will be increased to consolidate services at the existing sites and to explore expansion of treatment to selected high-burden health centers and clinics. Technical and financial support will expand and strengthen the USG-supported national health information systems. Funding will continue to focus on human resource development, organizational capacity building, community mobilization and advocacy and benefit education.

**Nigeria (\$272 million).** Because of its large population, Nigeria carries one of the heaviest HIV/AIDS burdens in Africa despite its relatively low prevalence rate. Estimates of the HIV-infected population range between 3.2 and 3.8 million and are projected to increase to 3.7-4.3 million by 2008. Nigeria also has one of the highest tuberculosis burdens in the world. Available data indicate that between 25-50% of Nigerian TB patients also have HIV, but no systematic survey of co-infection rates has been conducted since 2000 (FGON, 2001, WHO 2003).

With FY 2007 funding, prevention activities will be scaled-up through CBO staff trained in previous years. The prevention portfolio will focus on ABC activities targeted for different populations, PMTCT, reducing medical transmission of HIV, and blood safety. Established linkages with faith communities will allow for increased reach into rural areas through the support of religious leaders.

The Emergency Plan will support the dissemination and use of all established national and international guidelines related to HIV treatment, care and support. It is expected by 2007 that all national guidelines

will be established and revisions will continue as necessary due to changing policy and technology. Work will begin on integrating legislation (currently pending) that protects the rights of PLWHA. Counseling and testing services are also being scaled up and major efforts are under way to ensure that comprehensive prevention, care and treatment services are available at an increasing number of sites. Additionally, expansion of treatment will be possible due to significant progress in improving essential public health facilities to prepare them to deliver ART services.

TB/HIV integration that will continue at both service delivery and training centers and existing referral networks between the national TB program and ARV program will be reinforced. Network build-out and strengthened referral for both laboratory and ART services will continue to be a primary focus.

Donor coordination will be a high priority, especially as USG Nigeria leverages Emergency Plan investments in infrastructure and programming. The HIV/AIDS Donor Coordination group, currently under the chair of the USG, will be strengthened to support Government of Nigeria programming and to initiate inter-donor dialogue that will reduce duplication and maximize USG efforts.

**Rwanda (\$82 million).** Rwanda has a generalized, mature HIV/AIDS epidemic, with UNAIDS' estimate of 5.1% of the general population infected with HIV. Approximately 33,700 individuals including 4,000 children with HIV/AIDS will receive ART and 143,152 individuals will receive care and support by September 2007 under programs funded by the Emergency Plan.

Prevention activities will be scaled up for a wide variety of target groups through greater numbers of local Rwandan FBO and CBO. These will be primarily new partners as indicated in the Rwanda Emergency Plan five-year strategy. Behavior-change interventions that combine interpersonal counseling and mass-media campaigns will address linkages between alcohol abuse, gender-based violence and HIV. The Emergency Plan AB programs will address risky behaviors and will increase the focus on discouraging transactional sex, trans-generational sex, violence, coercive sex and discordant couples.

In the area of care, the Emergency Plan will support an increasing number of local CBO to provide a standardized package of support for PLWHA and their families. This package will emphasize the continuity of care from the clinic to the community and include prevention and treatment of OI, positive living and prevention counseling for positives, nutrition counseling and support, support for treatment adherence, a significant emphasis on follow-up tracking and CD4 testing for positives, and general clinical staging and monitoring for both adults and children. The Emergency Plan will also link OVC and PLWHA services to clinical services to ensure the continuum of care. The Emergency Plan will also place significant emphasis on community support to ensure adherence to treatment for ART and TB-HIV patients.

The Emergency Plan will place increasing emphasis on the network model of care to improve availability and accessibility of services across the country by adding 25 new satellite sites at lower-level health facilities and will increase the number of VCT/PMTCT sites that will graduate to the performance-based financing mechanism and will begin to graduate ART sites to enhance long-term sustainability.

Financial and technical assistance will be provided to the Government of Rwanda to improve strategic information and communication systems in order to monitor and evaluate the effectiveness of ongoing programs; improve the quality and uniformity of the overall package of services delivered at the facility and community level; coordinate health delivery services in the network model; and improve decentralized service delivery and supervision for all health services.

**South Africa (\$330 million).** Adult HIV prevalence has risen from less than 3% to an estimated 21.5% in the past ten years. With 6.2 million citizens infected with HIV, South Africa has more infected adults and

children than any other country in the world. AIDS-associated mortality is high (370,000 AIDS deaths in 2003) with large increases in HIV mortality among young adults and children (40% of under-five mortality is associated with HIV in 2000). As mortality increases, so too will AIDS orphans, already numbering upwards of 1.1 million.

Global HIV/AIDS Initiative funds will be used to expand prevention, treatment and care activities building on the successful models and best practices developed in FY 2005 and FY 2006. In HIV prevention, the Emergency Plan will continue to assist the South African Government's efforts to fully integrate high quality PMTCT services into routine antenatal care; support public sector, NGO, and FBO efforts to delay the age of first sexual encounter and reduce the number of sexual partners; support evidence-based ABC communication programs at national and community levels; expand access to HIV prevention services through community-based FBO and NGO; and promote programs to reduce stigma and discrimination.

In the treatment area, the USG will aggressively support the expansion of quality antiretroviral therapy in public, private and NGO health facilities. The USG also will continue to strengthen the human resource and health system capacity to provide quality treatment services to HIV-positive individuals, and conduct targeted evaluations to document best treatment practices.

In the care area, the Emergency Plan will expand the number of communities and HIV-positive individuals receiving care through public and private sector organizations as well as NGOs and FBOs. The USG will sponsor OVC programs in the most HIV affected provinces and among disadvantaged populations and will expand the availability, access and quality of CT services through traditional and non-traditional sites.

The Emergency Plan will provide financial and technical assistance to strengthen strategic information systems; to conduct highly focused evaluations that improve program performance, effectiveness and efficiency; to document best practices in prevention, treatment and care; and to carefully monitor and evaluate program performance against established targets.

**Tanzania (\$155 million).** Tanzania's mainland faces a generalized HIV/AIDS epidemic, with a 7% prevalence rate in the adult population (2004 Tanzania HIV/AIDS Indicator Survey). Close to 85% of HIV transmission in Tanzania occurs through heterosexual contact, less than 6% through mother-to-child transmission and less than 1% through blood transfusion. HIV is firmly established in Tanzania's urban and rural areas, particularly in high transmission trading centers, border towns, and along transport routes.

The Government of Tanzania's (GOT) ambitious National Care and Treatment Plan (NCTP) expects to have at least 100,000 PLWHA on ART by the end of calendar year 2006. The USG fully supports these objectives and will continue to work hand-in-hand with the GOT to achieve these goals through direct USG provision of antiretroviral treatment for adults and children, including the purchase of alternative first line, second line, and pediatric formulations to match GOT orders during this same time period.

In the area of prevention, the Emergency Plan will continue the development of national behavior change activities, weaving prevention messages and skill building throughout the prevention/care continuum. AB programming will target in and out of school youth, couples and men, and people practicing high risk behaviors, and the program will continue to expand national availability of PMTCT services, supporting the MOH goals of reaching 80% of all pregnant women with this service by 2008.

In the area of care, Emergency Plan funds will support the continued expansion of palliative care for PLWHA in providing community services with ART partners to improve facility-based care. Counseling and testing activities will be expanded both at stand-alone and mobile units to reach people practicing high risk behaviors and will provide linkages to treatment facilities. The Emergency Plan will continue to support GOT efforts to develop policy and implement provider initiated testing at hospitals and TB clinics,

ensuring identification of the highest number of treatment eligible patients are identified. Targeted support for OVC will be expanded as resources become available through the Global Fund and the USG. Focus will be placed on developing the Department of Social Welfare and village-level Most Vulnerable Children Committees to manage this support through national and local coordinating mechanisms.

In the area of treatment, the USG will continue its support of the NCTP by significantly expanding the number of sites receiving direct support, while continuing to provide alternative first line, second line, and pediatric anti-retroviral drugs nationally. USG support of sustainable capacity to quantify and track these drugs will be continued through funding to the Medical Stores Department and implementation of the Integrated Logistics System.

The USG efforts will also continue efforts to address the critical need for a skilled workforce to support all aspects of the prevention/care continuum. Financial and technical resources will be leveraged to strengthen national data collection and reporting systems, including a Health Management Information System and a facility-based monitoring capacity.

**Uganda (\$188 million).** Uganda has a maturing HIV/AIDS epidemic. This year the adult HIV prevalence is 7%, and approximately 800,000 Ugandans are HIV-positive. Women, urban dwellers and the conflict regions are the most severely affected, and 50% of married HIV-positive persons have an HIV-negative spouse.

Uganda's ABC model will be a major focus of Emergency Plan prevention activities. Programs will target youth with AB messages through a variety of methods. National communication initiatives promoting faithfulness, particularly those targeting men, will be increased. Prevention activities for high-risk groups such as internally displaced people, residents of conflict areas, and the military will be scaled up. Emergency Plan support to the national prevention program in 200 PMTCT facilities will continue, with the aim of reaching 150,000 women and their partners. Another major focus of Uganda's prevention strategy will be prevention with positives, with a focus on couples CT and individual counseling, partner testing, family planning and condoms. PMTCT programs will expand integration of CT for partners and family members of HIV positive women, as well as linking families into the care and treatment network.

Emergency Plan funds will continue to support a host of indigenous organizations, FBO, and other NGO networks and public sector facilities to deliver comprehensive HIV palliative care. Programs will supply key commodities for palliative and basic health care directly, as well as psychosocial support and nutrition services through direct or wrap around services. Support will be increased to ensure cross-testing of TB and HIV positive patients and to provide care and treatment when appropriate.

Treatment services will be expanded primarily in the conflict areas in northern Uganda and for children and families identified through PMTCT, with an emphasis on early diagnosis and subsequent treatment for infants. Increasingly, the focus will shift to improving quality and integrating prevention services. The national laboratory system will continue to be strengthened and technical assistance will be provided to strengthen the national quality assurance system for ART and to improve patient management and monitoring systems.

Financial and technical assistance will strengthen health management and logistics management information systems to improve tracking and monitoring of services and commodities. In addition, HIV laboratory supplies and reagents and test kits will be procured and distributed directly to health facilities. The Emergency Plan will also continue to work closely with the Government of Uganda and partners to ensure improved functioning of the Global Fund as activities come back on-line.

**Vietnam (\$54 million).** Vietnam has a population of 82 million people with an HIV prevalence rate of 0.4% and approximately 215,000 individuals are HIV positive. The epidemic in Vietnam is fueled primarily by injecting drug use as opposed to sexual transmission common in other Emergency Plan countries. Injecting drug users account for roughly 50% to 60% of all Vietnam HIV cases. Since the HIV/AIDS epidemic remains a concentrated epidemic, most prevention activities are currently focused on MARP and in the six provinces with the highest prevalence. It is estimated that Hanoi, Hai Phong, Quang Ninh, Ho Chi Minh City, An Giang and Can Tho account for more than 80% of the HIV/AIDS infected persons in Vietnam. As a result, the Emergency Plan country team continues to focus its activities in these provinces while working closely with the MOH to develop HIV prevention, care and treatment capacity throughout the country.

Prevention will focus on high quality peer outreach and VCT services. Focusing on additional high-risk groups, PEPFAR activities will support VCT centers to reach individuals for testing; support the expansion of high quality PMTCT models into additional sites; support MOH and NGO-delivered AB messages, including media campaigns and counseling via VCT and peer outreach; expand access to HIV prevention services through CBO/FBO and NGO; and support programs to reduce stigma and discrimination.

Care will be provided to 18,780 people in Vietnam. Activities will focus on expanding access to and availability of free opportunistic infections and palliative care medications; and build upon successful models to develop comprehensive, quality services including provincial, district, and commune-level health care, home health care, counseling, and referral between prevention services, TB, STI, and HIV care services. Counseling and testing will be provided to 66,500 people and 150,000 people will receive treatment services. Treatment will focus on expanding high quality antiretroviral therapy to HIV infected individuals through MOH, MOD, NGO, and other donor-funded clinics; assisting the development of sustainable, government-centered antiretroviral procurement and distribution systems, including quality, individual training for health care workers who are administering treatment; and provision of appropriate monitoring for adherence, resistance and for adverse effects from therapy.

OVC programs will be developed and expanded based upon results of quality, USG-supported needs assessments. The Emergency Plan will conduct targeted evaluations to guide program development and implementation and to document best practices; provide financial and technical assistance to strengthen strategic information systems in order to closely monitor and evaluate the effectiveness of USG-supported programs; and assist in building a sustainable information management system for the country.

**Zambia (\$155 million).** Zambia is facing its most critical health, development and humanitarian crisis to date. An estimated 15.6% of the adult population is infected with HIV (18% of adult women and 13% of adult males) and 920,000 Zambian adults and 90,000 children are living with HIV/AIDS. Approximately 89,000 persons die from AIDS every year, leaving behind an estimated 750,000 AIDS orphans. In Zambia, approximately 85,000 adults and children with HIV/AIDS will receive antiretroviral therapy (ART) and 505,000 individuals will receive care and support as a result of the Emergency Plan.

Prevention activities in Zambia will be scaled up through increased access to quality PMTCT services and the full integration of PMTCT with other maternal and child health services; promotion of healthy behavior for youth through abstinence and faithfulness programs and other prevention activities targeting high-risk populations; encouragement of fidelity among adults; improving blood and injection safety practices in health facilities; and by providing services, condoms, and behavior change interventions targeted at high risk populations to reduce HIV transmission. Strategic information systems will be strengthened to monitor and evaluate the effectiveness of supported programs and to assist in building sustainable national information management.

The Emergency Plan will support increased access to and improved quality of counseling and testing services, including mobile CT to reach underserved and remote populations; continue to address the high proportion of TB and HIV co-infection by further enhancing the linkage between TB and HIV services; and provide 432,529 OVC with improved access to essential services including educational opportunities, provision of food and shelter, psychosocial support, health care, livelihood training, and access to microfinance.

The Emergency Plan will continue to provide technical assistance, training, supportive supervision, and commodities to over 80 ART sites located in the remotest areas of Zambia. Increasing demand for ART will be supported by procuring ARVs while increasing the number of children placed on ART and referred into the appropriate comprehensive HIV care programs.

**Global HIV/AIDS Initiative**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Botswana	35,544	41,000	58,000
Cote d'Ivoire	25,512	30,137	47,000
Ethiopia	69,945	109,500	225,000
Kenya	116,495	175,950	285,000
Mozambique	48,434	79,600	124,000
Namibia	37,461	51,500	73,000
Nigeria	85,928	138,100	272,000
Rwanda	43,800	60,000	82,000
South Africa	118,165	191,553	330,000
Tanzania	81,801	100,312	155,000
Uganda	122,741	145,000	188,000
Zambia	99,831	116,000	155,000
<b>Subtotal - Africa</b>	<b>885,657</b>	<b>1,238,652</b>	<b>1,994,000</b>
<b>East Asia and the Pacific</b>			
Vietnam	24,044	31,214	54,000
<b>Subtotal - East Asia and the Pacific</b>	<b>24,044</b>	<b>31,214</b>	<b>54,000</b>
<b>Western Hemisphere</b>			
Guyana	14,753	18,000	25,000
Haiti	44,095	47,300	63,000
<b>Subtotal - Western Hemisphere</b>	<b>58,848</b>	<b>65,300</b>	<b>88,000</b>
<b>Global</b>			
Central Programs	253,673	286,643	480,000
International Partnerships	29,000	227,700	127,000
Other Bilateral Programs	36,500	49,500	50,000
Strategic Information/Evaluation	30,500	31,185	36,000
Technical Oversight and Management	55,698	44,856	65,000
<b>Subtotal - Global</b>	<b>405,371</b>	<b>639,884</b>	<b>758,000</b>
<b>Total</b>	<b>1,373,920</b>	<b>1,975,050</b>	<b>2,894,000</b>



## President's Emergency Plan for AIDS Relief

(\$ in thousands)

	FY 2005 Actual	FY 2006 Enacted	FY 2007 Request
Department of State and USAID	2,100,544	2,689,830	3,441,472
Child Survival & Health Programs Fund	674,560	673,200	505,121
Global HIV/AIDS Initiative	1,373,920	1,975,050	2,894,000
Foreign Military Financing	1,984	1,980	1,976
Other Accounts (including ESF, FSA, AEEB)	50,080	39,600	40,375
Department of Health and Human Services	608,746	592,694	589,958
Department of Labor	1,984	0	0
Department of Defense	7,495	5,247	0
<b>Total, President's Emergency Plan for AIDS Relief</b>	<b>2,718,769</b>	<b>3,287,771</b>	<b>4,031,430</b>

### Overview

The global HIV/AIDS pandemic is one of the greatest challenges of our time. Worldwide, over 40 million people are now infected. In 2005 alone, an estimated three million people died of AIDS and an estimated five million more became infected. Every day, approximately 8,000 people die. The World Health Organization reports that AIDS is now the leading cause of death among adults ages 15-59 around the world. With its severe social, economic, and political consequences, HIV/AIDS presents a security threat and violates a basic principle of development – that each generation be better off than the one before.

The United States has responded to the global challenge of HIV/AIDS with the President's Emergency Plan for AIDS Relief (the Emergency Plan). The Emergency Plan was envisioned to target \$10 billion in funding to dramatically ramp up prevention, treatment, and care services in 15 of the most affected countries of the world, representing approximately 50 percent of HIV infections worldwide. The Emergency Plan also pledged to devote \$4 billion to ongoing bilateral support in 108 additional countries with existing programs, and \$1 billion over five years to the Global Fund to Fight AIDS, Tuberculosis, and Malaria. The U.S. Government remains the largest donor to the Global Fund, having contributed over \$1.4 billion from 2001 to 2005.

The vision of the Emergency Plan, laid out by the President in the five-year U.S. Global HIV/AIDS Strategy, is to turn the tide of this global pandemic. To achieve this vision, the Emergency Plan focuses significant new resources to bring to scale national HIV prevention, treatment and care programs in some of the most afflicted countries in Africa, the Caribbean, and South East Asia – the fifteen focus countries of the Emergency Plan. There are three specific goals for the focus countries:

- Support treatment for **two** million HIV-infected individuals;
- Support prevention of **seven** million new HIV infections; and
- Support care for **ten** million people infected or affected by HIV/AIDS, including orphans and vulnerable children (OVC).

In addition, to amplify the global response, the Emergency Plan is:

- Encouraging bold leadership at every level to fight HIV/AIDS;
- Applying best practices to all USG bilateral HIV/AIDS programs, in concert with host governments' HIV/AIDS strategies; and
- Encouraging partners, including multilateral organizations and other governments, to coordinate at all levels for effective and efficient use of resources, and to adhere to principles of sound management and accountability.

The Emergency Plan is remaking government by implementing a new leadership model for coordinating those existing capabilities – a model that brings together, under the direction of the U.S. Global AIDS Coordinator, all of the programs and personnel of all agencies and departments of the United States Government engaged in this effort. This leadership model has been translated to the field, where the U.S. Chief of Mission in each country is leading a coordinated interagency process on the ground. The Office of the Global AIDS Coordinator (OGAC)'s program development and implementation model supports field-driven planning in the focus countries with guidance and technical assistance from interagency core teams led by the Coordinator's Office. Primary implementers of the Emergency Plan include the U.S. Agency for International Development (USAID); the Departments of Health and Human Services (HHS), State (DoS), Defense (DoD), Labor (DoL); and the Peace Corps. Coordination with the Departments of Agriculture and Commerce offers further opportunities to broaden service delivery and reach special populations.

Funding is being ramped up over five years, from FY 2004 to FY 2008, as recipient countries build the necessary human capacity and infrastructure needed for long-term success and accountability.

## **FY 2007**

In FY 2007, the fourth year of the five-year plan, the Administration requests \$4.031 billion to combat HIV/AIDS and TB under two separate appropriations, Foreign Operations and the Department of Health and Human Services. The chart below and the following narrative break down this request by program use.

<b>PROGRAM AREA</b>	<b>FY 2007 REQUEST (\$ in millions)</b>
<b>Fifteen Focus Countries</b>	<b>2,776</b>
<b>Other Bilateral Programs</b>	<b>437</b>
<b>International Partners</b>	<b>327</b>
<b>IAVI, Microbicides</b>	<b>34</b>
<b>HIV/AIDS Research</b>	<b>368</b>
<b>TB</b>	<b>89</b>
<b>Total Emergency Plan</b>	<b>4,031</b>

### **Fifteen Focus Countries**

For FY 2007, the Administration is requesting a total of \$2.776 billion (\$2.717 billion GHAI and \$59.295 million HHS) for the focus countries (Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam and Zambia). These funds will finance individual focus country budgets and central programs that carry out activities in the

focus countries; strategic information and evaluation activities; and central technical oversight and management.

The Emergency Plan will rapidly increase the number of people receiving prevention, treatment, and care services in the focus countries using FY 2007 funds, building on accomplishments achieved during the first three years of the program in the areas of human capacity and infrastructure development. In addition, through collaborations with national and international partners, the Emergency Plan will strengthen host country public and private sector capacity to design and implement HIV/AIDS monitoring and evaluation systems and other essential systems such as laboratory systems. Surveillance and laboratory capacity activities impact prevention, treatment, and care services and are critical components of an integrated Emergency Plan response.

The Emergency Plan also continues to pursue management improvements that ensure the quality of data that we collect, remedy supply chain problems, extend our ability to track expenditures by country, enhance the adjustment of country and activity budgets based on performance, expand the Coordinator's oversight of bilateral programs outside of the focus countries, and reduce the amount of time that field staff dedicate to reporting.

The Emergency Plan focus country budgets are designed to comply with the congressionally mandated FY 2006-2008 funding allocation percentages contained in Section 403 of the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (P.L. 108-25), namely that:

- **55%** shall be expended for therapeutic medical care for people living with HIV;
- **10%** shall be expended for orphans and other vulnerable children affected by HIV/AIDS; and
- **33%** of all funds expended for prevention shall be for abstinence-until-marriage programs.

#### Treatment activities in FY 2007

Supporting antiretroviral treatment is a primary focus of the Emergency Plan for AIDS Relief. The Emergency Plan is implementing strategies to support sustainable high-quality, HIV/AIDS treatment services to people living with HIV/AIDS (PLWHA).

The Emergency Plan's strategy to support treatment for at least 1.3 million HIV-infected people including children with FY 2007 funding in the 15 focus countries includes the following:

- Rapidly scaling up treatment using a network of service delivery sites including all levels of care from the community to district hospitals; building on and scaling up established AIDS clinical programs; and strengthening supply chain management systems.
- Building capacity for long-term sustainability of quality HIV/AIDS treatment programs by strengthening national human resource capacity for HIV/AIDS services (health care worker recruitment and retention, curriculum development, training and technical assistance), developing and implementing effective treatment protocols, and strengthening HIV/AIDS related health infrastructure, including laboratories, surveillance systems, facilities, data and financial management systems, and research capacity. FY 2007 funding will be integral for increasing the number of treatment sites at which enrollment would expand in FY 2008.
- Advancing policy initiatives that support treatment, including addressing issues around product registration, antiretroviral drug procurement (especially supporting procurement of generic products

approved or tentatively approved by HHS/FDA) and financing, import and taxation regulations, and human resource policies.

#### Care activities in FY 2007

The Emergency Plan's strategy to support care for nearly 6.7 million people infected and affected by HIV/AIDS with FY 2007 funding in the 15 focus countries includes the following:

- Rapidly scaling-up existing services for people living with HIV/AIDS including children and basic health care (such as diagnosis and treatment of tuberculosis and other opportunistic infections), symptom management, end-of life-care, and social and emotional support services.
- Supporting high-quality, sustainable interventions for OVC.
- Building capacity for long-term sustainability of palliative care and OVC services, through training and support for community-based responses for orphan care, including strengthening the organizational capacity of community and faith-based organizations to address the needs of PLWHA and OVC.
- Advancing policy initiatives that support and improve basic health care and support services for PLWHA and OVC.

#### Prevention activities in FY 2007

We estimate that the Emergency Plan will support the prevention of an estimated 2.8 million new HIV infections using FY 2007 funding. The Emergency Plan's strategy to accomplish these objectives consists of scaling up new and existing prevention efforts, including the following:

- Supporting the ABC (Abstain, Be faithful, correct and consistent use of Condoms where appropriate) approach through community outreach and mass media interventions; programs to prevent mother-to-child transmission (PMTCT), and programs to prevent medical transmission of HIV through safe blood and safe medical injections.
- Building capacity for effective long-term prevention programs, including supporting interventions for those at high risk of infection, reaching mobile populations, improving diagnosis and treatment of sexually transmitted infections for persons at risk of HIV infection, and strengthening the institutional capacity of implementing organizations.
- Advancing policy initiatives that support prevention of HIV infection, including fighting stigma and discrimination, promoting voluntary and confidential testing as a routine part of health care, promoting gender equity in programs, and supporting development and enforcement of laws to protect against sexual exploitation.
- Continuing to advance new areas including prevention amongst HIV positive people and discordant couples; and integration of prevention into treatment and care programs.

In addition to the treatment, care, and prevention goals for FY 2007, the Global AIDS Coordinator will work to increase public support for the fight against global HIV/AIDS in host countries and worldwide. The Coordinator will seek to ensure that focus country leadership and the general public understand and support Emergency Plan initiatives and policies. The Coordinator will continue to take maximum

advantage of synergies and leverage provided by international cooperation in the fight against HIV/AIDS in achieving U.S. goals in the focus countries, particularly with projects funded by the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Finally, the Global AIDS Coordinator will continue to facilitate the involvement of faith-based organizations and other community-based organizations.

### **Other Bilateral Programs**

During FY 2007 the Office of the Global AIDS Coordinator will continue to strengthen USG bilateral HIV/AIDS programs beyond the 15 focus countries by working across these programs to improve HIV/AIDS leadership, coordination, collaboration, and adherence to best practices worldwide. The President's Emergency Plan offers a fresh opportunity to develop and implement consistent HIV/AIDS policies and programs across bilateral prevention, care, and treatment initiatives and to harmonize and standardize reporting.

In the previous three years of the Emergency Plan, OGAC conducted interagency reviews to identify countries of special concern outside of the focus countries to receive additional funding. In addition, OGAC has gradually expanded accountability and reporting requirements for other bilateral programs based on the level of activities and funding in each country.

The Emergency Plan supports five country programs that received over \$10 million per year in FY 2005, including Cambodia, India, Malawi, Russia, and Zimbabwe. The USG teams in these countries have developed integrated five-year USG country strategies as well as submitting annual Modified Country Operational Plans, which outline key activities, targets, funding requests, and implementation partners for each technical area. Another 12 countries receive between \$5 and \$10 million. These countries will also submit an integrated five-year USG country strategy. All countries receiving over \$1 million will provide standardized results reporting, on either a full set or subset of Emergency Plan output, outcome, and impact indicators.

USG bilateral programs beyond the focus countries are tailored to the nature of the epidemic in each country. The entire range of prevention, care, and treatment activities are available, but often a smaller range of these activities is chosen for implementation as being more appropriate to the circumstances, particularly relative to leveraging other international partners.

USAID, DoS, HHS, DoD, DoL, and the Peace Corps are all active in these bilateral programs, but in varying numbers of countries. For example, USAID has programs in 85 countries outside of the focus countries. HHS works in ten countries and has four regional offices covering many more countries. DoD works in 57 countries and the Peace Corps has volunteers working on HIV/AIDS in some 60 countries. The budget request for Other Bilateral Programs in FY 2007 is \$437 million, including \$50 million GHAI funds. The remaining funds are requested within the HHS and USAID budgets.

### **International Partners, including the Global Fund to Fight AIDS, Tuberculosis, and Malaria**

The contributions of multilateral institutions and international organizations to combating HIV/AIDS provide a vital opportunity for a comprehensive response. The diverse drivers and consequences of HIV/AIDS, and its complex interactions with a variety of other social, political, and economic circumstances, demand leadership from diverse international partners with varied expertise. The U.S. Government will strengthen its relationships with multilateral institutions and international organizations such as the World Health Organization (WHO), the Joint United Nations Program on HIV/AIDS (UNAIDS), the United Nation Children's Fund (UNICEF), and the World Bank to amplify global action

against HIV/AIDS by encouraging coordination, and seeking to leverage comparative strengths to fill gaps in current activities and to ensure efficient and effective use of funds.

As part of the Emergency Plan, the Administration requests a total of \$300 million in FY 2007 to sustain the U.S. commitment to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) and \$27 million for a contribution to UNAIDS. The USG support for the Global Fund is a multilateral complement to the bilateral efforts described above. Of the total request, \$100 million each is requested from GHAI, USAID’s Child Survival and Health account, and the HHS National Institutes of Health /National Institute of Allergy and Infectious Diseases (NIAID) account. In addition to the President’s contribution request of \$300 million, budgets submitted by focus countries include resources for technical assistance to help address implementation bottlenecks faced by Global Fund grants.

The Global Fund’s mandate includes pursuing a balanced approach covering prevention, treatment, care and support in addressing HIV/AIDS, tuberculosis, and malaria. According to the Global Fund, resources are disbursed on the basis of proposals evaluated through an independent review process based on the most appropriate scientific and technical standards, taking into account local realities and priorities. The Geneva-based organization is a financial instrument, not an implementing agency. Thus it relies on its partners for providing on-the-ground technical assistance.

U.S. priorities for the Global Fund include ensuring that grants improve the health of the people receiving services, building strong monitoring and evaluation procedures for projects, and increasing the involvement of the private sector and civil society at all levels. Ensuring on-the-ground coordination of USG-funded activities and integration with Global Fund-supported programs (as well as those supported by other governments and organizations) is essential to ensure that activities are non-duplicative and additive. USG staff, contractors, and grantees in country will work closely with host country governments to ensure overarching coordination of varied activities and funding sources. USG staff often participate in the Country Coordinating Mechanisms (CCMs), which develop grant proposals in-country, and USG staff often provide valuable technical assistance within the CCMs.

## **HIV/AIDS Research and Tuberculosis (TB) Activities**

The FY 2007 Emergency Plan budget request maintains support for biomedical and behavioral research to combat HIV/AIDS and continues the fight against tuberculosis, a serious and common co-infection for HIV-infected individuals. This request includes \$89.4 million for USAID bilateral TB programs and \$368 million for HHS/NIH research funding. A detailed and specific budget request for all HHS HIV/AIDS research is included in the HHS/NIH Office of AIDS Research Congressional Budget Justification. In FY 2007, all Foreign Operations funding for international malaria-related activities is requested under the Child Survival and Health Program Fund and tracked separately from PEPFAR.

### International HIV/AIDS Research

HHS/NIH, the world’s leader in AIDS research, supports a comprehensive program of basic, clinical, and behavioral research on HIV infection, its associated co-infections, opportunistic infections, malignancies, and other complications. This represents a unique and complex multi-institute, multi-disciplinary, global research program with the ultimate goals to better understand the basic biology of HIV, develop effective therapies to treat and control HIV disease, and design interventions to prevent new infections from occurring. It is the unique role of the Office of AIDS Research (OAR), part of the Office of the Director, to: coordinate the scientific, budgetary, and policy elements of the NIH AIDS program; prepare an annual comprehensive trans-NIH strategic plan and budget for all NIH-sponsored AIDS research; evaluate the

AIDS research portfolio; identify and facilitate multi-institute participation in priority areas of research; and facilitate NIH involvement in international AIDS research activities.

HHS/NIH maintains a strong international AIDS research portfolio, active in approximately 90 countries around the world. Results of this research benefit not only the people in countries where the research is conducted, but people affected by HIV/AIDS worldwide. All NIH funds are awarded competitively based on a dual-level peer review process. The majority of NIH international AIDS research funds are awarded to investigators in U.S. medical or academic research institutions to conduct research studies in collaboration with foreign scientists. Some NIH research funds are competitively awarded directly to investigators in international research institutions. NIH-sponsored clinical trials networks include both U.S. and international sites that are fully integrated in the design, conduct, and analysis of clinical protocols

The NIH Office of AIDS Research annual comprehensive research plan and budget sets scientific priorities and objectives for all NIH AIDS research and research training conducted in both domestic and international settings. Through its comprehensive planning process, NIH has determined that its highest priority in FY 2007 will be on prevention research, including the discovery, development and evaluation of AIDS vaccine candidates, microbicides, and “next generation” prevention strategies. NIH-sponsored international research includes efforts to develop HIV vaccine candidates and chemical and physical barrier methods, such as microbicides, to prevent sexual transmission; behavioral strategies targeted to the individual, family, and community to alter risk behaviors associated with sexual activity and drug and alcohol use; drug and non-drug strategies to prevent mother-to-child transmission; therapeutics for HIV-related co-infections, including tuberculosis, malaria, and other conditions; and approaches to using antiretroviral therapy in resource-poor settings. Development of research infrastructure is essential to these research programs. NIH supports efforts to: (1) develop research sites through establishment of stable, targeted cohorts, development of recruitment strategies, and enhancement of laboratory, clinical, and data management capabilities; (2) increase the number of scientists, clinicians, and health care workers trained in basic, clinical, and behavioral research, data management, and ethical considerations; (3) develop research collaborations; and (4) transfer appropriate clinical and laboratory technologies

### Tuberculosis Activities

There are nearly nine million new cases of tuberculosis (TB) and two million deaths due to TB each year. TB and HIV/AIDS are a lethal combination. WHO estimates that worldwide, one-third of all people living with HIV/AIDS are infected with TB and up to half of all deaths among AIDS patients are directly due to TB. Persons who are dually infected with HIV and TB are up to 50 times more likely to develop TB in any given year than those who are HIV negative. HIV/AIDS is fueling the increase in TB incidence in countries severely affected by AIDS, particularly those of sub-Saharan Africa. Finally, some countries, particularly Russia and republics of the former Soviet Union, have a serious problem with drug-resistant TB.

The USG is a leader in combating TB, and USAID is the leading bilateral donor in international TB control. USG tuberculosis control efforts focus on supporting the implementation of the Second Global Plan to Stop TB, and are carried out in concert with the STOP TB Partnership (which includes WHO, the World Bank, the Gates Foundation, national TB programs, and local and international NGOs such as the International Union Against TB and Lung Disease (IUATLD) and The Royal Netherlands Tuberculosis Foundation (KNCV)). Both HHS, primarily through its Centers for Disease Control and Prevention (CDC), and USAID play critical roles in the partnership.

USAID TB activities are active in 43 countries and aim to increase TB case detection and treatment success rates by providing support to expand and strengthen the WHO recommended Directly Observed Treatment Short-course (DOTS) strategy. Assistance includes training, laboratory strengthening and quality control,

monitoring and supervision, technical assistance to improve TB drug management, grants for anti-TB drugs through the Global TB Drug Facility, education and communication, DOTS Plus to treat multi-drug resistant TB, and initiatives to involve all providers, including the private sector and NGOs in the provision of DOTS. USAID also supports research in areas such as new drugs and diagnostics, improved TB treatment regimens, and approaches to improve care and treatment of persons co-infected with TB and HIV/AIDS. USAID implements these programs in close collaboration with the STOP TB partnership, and all activities are undertaken in direct coordination with host country national TB programs. USAID recently awarded a five-year agreement to the Tuberculosis Coalition for Technical Assistance (TBCTA). The TBCTA brings together the leading organizations in global TB control and will assist USAID to implement numerous programs focusing on expansion and strengthening of country level DOTS programs.

### **Program Assessment Rating Tool (PART)**

The Office of Management and Budget has evaluated the Emergency Plan using three PARTs: The Focus Countries, Other Bilateral Country Programs, and the Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund). The programs were evaluated on program purpose and design, strategic planning, program management, and program results and accountability. Results of the initial assessment were final in December 2005 and determined that each of the three programs are demonstrating results with the focus countries at a slightly higher level of performance.

Each PART assessment outlined specific areas of improvement for the programs and the Office of the Global AIDS Coordinator (OGAC) will be taking the lead on ensuring these improvements are made during 2006. For example, OGAC will work to implement a system to capture expenditures by focus country and will continue to undertake an internal review of focus country budget allocations based on performance data and pipeline capacity. Areas of improvement noted for the other bilateral programs include completing the implementation of USAID's new financial management system and providing an aggressive target for the program's long-term measure. OGAC will also continue to work with the Global Fund to improve its financial management practices.



## Conflict Response Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CRF	-	-	75,000

The United States has a vital stake in stabilizing failed and failing states. When we help foreign societies make the transition out of conflict and civil strife onto the path of democratic governance and market-led growth, we deny a breeding ground to terrorists, traffickers, warlords and other threats to our national security interests. Recognizing these dangers, the U.S. Government has led or joined major interventions in states in crisis, averaging more than one a year since the end of the Cold War. Whatever the military involvement or international coalition, American civilian activities have been a significant part of these interventions. Organizing to launch civilian operations in a more focused, rapid and effective manner will not only save lives and funds; it will position the United States to lead our partners in improving the international capacity to deal with collapsing states.

With the establishment of the Coordinator for Reconstruction and Stabilization (S/CRS) whose mandate is to add value to existing civilian capabilities by ensuring unity of effort, increasing efficiency, incorporating best practices and engaging experts in practical exercises and plans, we will lead efforts to identify gaps in U.S. capabilities and develop solutions. S/CRS will coordinate interagency capacity and interoperability for Washington management of post-conflict operations; planning and launching new operations; managing personnel, funds, and information that can be tapped quickly and targeted precisely; ensuring coordinated and effective field responses; early warning and conflict prevention, and; distilling and applying lessons learned in a systematic way.

None of these benefits can be realized, however, absent a reliable and rapid source of financing. The Secretary of State needs the ability to commit resources in order to demonstrate our resolve and draw support from our partners and to launch the start-up of critical programs.

The Conflict Response Fund ensures the ability to engage quickly in an overseas post-conflict reconstruction and stabilization operation in the earliest days when the opportunity to influence the dynamic on the ground is greatest. While assisting a country to a sustainable path towards peace, democracy, and a free market economy takes 5-10 years of engagement, the initial engagement shapes the prospects for transformation. In order to be effective, there must be a capability to engage quickly. The fund provides flexible program funding to initiate assistance programs, to improve the network of program delivery to fill key gaps, and to develop and deploy a corps of civilians to complement USG responders. The conflict response fund's usage requires that the Secretary of State determine that response is in the national interest and that Congress is consulted. Individuals would be deployed under the fund through a Global Skills Network of contractual resources and, subject to appropriate authorization, through development of a Civilian Reserve Corps (CRC).

The fund provides program funds that can be transferred to agency accounts to initiate implementation through agency mechanisms – e.g. contracts and grants. Because the fund is centrally managed but flexibly applied, the Secretary of State can direct its use strategically in connection with an overall plan for engagement, both to maximize impact of USG agency instruments and to leverage international resources.

The fund is focused on start-up operations during the first four months of an intervention, not long-term funding, and will allow rapid deployment of teams to develop and refine estimates, establish operations, and initiate critical programs. A decision to use the Conflict Response Fund will take into account any existing appropriated funds for a country in crisis and will evaluate the feasibility of reprogramming funds toward

the immediate S/CRS response effort. The fund will allow the United States to act quickly when a field response can influence the dynamic of a post-conflict response while enabling time to develop longer-term funding strategies through the budget process or reprogramming of existing funds.

Getting programs deployed quickly makes a difference in the early days and sets the tone for future operations by engaging the local population early and demonstrating U.S. commitment. Having funds readily available would allow the United States to have influence in an international mission and to leverage matching international responses. This early engagement can influence the dynamic and viability of post-conflict operations. For example, such early engagement could finance the immediate deployment of a civilian constabulary to maintain order combined with a rule of law team to initiate training for local police and development of a framework for legal reforms. Pre-competed contracts would accelerate work on infrastructure rehabilitation and the start-up of key services, which foster civilian support and counter elements seeking to exploit post-conflict hardships. NGOs could be engaged to counsel victims of human rights abuses, supporting later prosecutions and a truth commission, as well as immediate reconciliation efforts.

### ***Civilian Reserves Development and Deployment***

In addition to the need for program funding to deliver immediate assistance programs, the USG must be able to put civilian expertise in the field quickly. To complement the direct hire employees who deploy to manage and implement assistance programs together with the network of implementing partners, significant numbers of additional personnel are needed to provide expertise and engage in key sectors in the immediate post-conflict period. For example security, rule of law, civil administration and public services demand high levels of skills and high numbers of people. To provide immediate deployment capability, a “reserve” model is being developed (and would be implemented pursuant to appropriate authorization) to ensure successful reconstruction and stabilization engagement.

Studies being conducted in FY 2006 will inform Administration efforts toward development of a Civilian Reserves Corps to enable the USG to call upon civilian experts in skill areas critical to establishing stability and the rule of law while creating the foundations for sustainable peace. The first phase of this effort is focused on a CRC that would mobilize police, police trainers and rule of law experts. These skill areas are essential to creating an environment that can eventually allow the withdrawal of peacekeeping and military forces. The concept envisions creation of a reservist corps that would be pre-trained and exercise together, thus allowing them to deploy rapidly and effectively. Following phases of CRC development could include engineering and other reconstruction skills as well as individuals essential to civil administration.

A portion of the CRF would be used to begin implementation of the CRC model that would include setting up a management structure to recruit, maintain, and activate the Corps to provide oversight and ensure standards of competence and availability. Although detailed plans will be prepared during FY 2006, the notional target is to launch the initial CRC phase in FY 2007. Decisions to expand the Reserves in subsequent years to other sectors would be made as part of the regular budget process. As currently envisioned, these individuals would participate in up to 12 days of interagency and military training and exercises. For planning purposes, it is estimated that management of the reserves and provision of retainer arrangements to ensure rapid response would require \$25 million in FY 2007.

### ***ACT Deployment***

The deployment of Advance Civilian Teams (ACT) is critical to making the Washington process of planning and preparation operational. With the development of the Active Response and Standby Response Corps within the State Department, we have identified a pilot group to form the basis of the ACTs. These ACTs are being incorporated into military exercises and are already playing a key role in military planning

as well as effecting civilian reach. If resources are not available to deploy ACTs, the gains from civilian planning, exercising, and training will not be realized on the ground. Within the Conflict Response Fund request, \$5 million would be available to support such deployments including security costs and in-country transport associated with deploying 50 personnel in a medium-threat environment for up to eleven months to support reconstruction and stabilization efforts.

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# DEPARTMENT OF THE TREASURY

Treasury Technical Assistance  
Debt Restructuring

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## Treasury Technical Assistance

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
TTA	18,848	19,800	23,700

The FY 2007 request for Treasury International Affairs Technical Assistance is \$23.7 million. The program provides financial advisors to countries seeking assistance in implementing significant economic reforms, especially during critical periods of transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional areas of budget, taxation, government debt, financial institutions, and financial crimes law enforcement.

In FY 2007, it is estimated that \$5.47 million of the request will be used by Treasury Technical Assistance to fund resident and short-term advisor projects with countries combating terrorist finance activity. A large portion of the request (32%) will be used for assistance programs in sub-Saharan Africa, supporting economic and financial reforms in countries receiving Heavily Indebted Poor Countries (HIPC) debt relief, and other areas of emphasis. Over a quarter of the request (25.7%) will be used to carry out projects in the Greater Middle East, including Afghanistan, Iraq, and Jordan.

## Debt Restructuring

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DR	99,200	64,350	182,799

The FY 2007 request is \$182.8 million for debt restructuring programs including bilateral Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, HIPC Trust Fund, and Tropical Forest Conservation Act programs.

For the poorest countries, debt reduction provides an incentive to implement macro-economic and structural reforms necessary for economic growth and also frees up resources for poverty reduction efforts. The FY 2007 request includes approximately \$175 million that is required to cover the cost of completing bilateral debt reduction for the Democratic Republic of Congo.

The Tropical Forest Conservation Act (TFCA) received strong bipartisan support and was signed into law in 1998. The program allows for reduction of U.S. concessional debt and redirection of payments in local currency in eligible countries to support programs to conserve tropical forests.



# MILITARY ASSISTANCE

International Military Education and Training  
Foreign Military Financing  
Peacekeeping Operations

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## International Military Education and Training

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	89,012	85,877	88,900

The International Military Education and Training (IMET) program is an instrument of U.S. national security and foreign policy and a key component of U.S. security assistance that provides training and education on a grant basis to students from allied and friendly nations. In addition to improving defense capabilities, IMET facilitates the development of important professional and personal relationships, which have proven to provide U.S. access and influence in a critical sector of society that often plays a pivotal role in supporting, or transitioning to, democratic governments. IMET's traditional purpose of promoting more professional militaries around the world through training has taken on greater importance as an effective means to strengthen military alliances and the international coalition against terrorism.

The objectives of the IMET program are to:

- Further the goal of regional stability through effective, mutually beneficial military-to-military relations that culminate in increased understanding and defense cooperation between the U.S. and foreign countries.
- Impart skills and knowledge that help participating countries develop new capabilities and better utilize their existing resources.
- Provide training and education that augments the capabilities of participant nations' military forces to support combined operations and interoperability with U.S., NATO and regional coalition forces.
- Expose foreign military and civilian personnel to the important roles democratic values and internationally recognized human rights can play in governance and military operations.

Training and education provided under the IMET program is professional and non-political, exposing foreign students to U.S. professional military organizations and procedures and the manner in which military organizations function under civilian control. The English language proficiency requirement for many IMET-funded courses establishes an essential baseline of communication skills necessary for students to attend courses. The IMET program exposes students to military justice systems and procedures and promotes the development of strong civil-military relations by showing key military and civilian leaders how to overcome barriers that can exist between armed forces, civilian officials and legislators. In addition, IMET has a positive effect on participants and recipient countries beyond actual training. Exposure to American values, quality instruction and the professionalism of the U.S. military play an important role in the IMET program. Finally, military cooperation is strengthened as foreign militaries improve their knowledge of U.S. military doctrine, strategic planning processes and operational procedures. This cooperation leads to opportunities for military-to-military interaction, information sharing, joint planning and combined force exercises that facilitate interoperability with U.S., NATO, and regional coalition forces.

The IMET program supports regional stability and promotes democracy in the following ways:

- In Africa, enhancing military relationships and educating future leaders are vital elements of our overall strategy to help build and sustain African institutions on the path to development and reform. IMET

programs in the region promote democratization, emphasize rule of law and the protection of human rights, enhance professionalism and increase African will to provide support in the war on terrorism, engage in peacekeeping operations and perform civic action.

- IMET in the Asia-Pacific region contributes to overall regional stability, strengthens military-to-military ties and exposes civilian and military participants to our doctrine, military capabilities and democratic way of life. IMET objectives for the region are to encourage effective, positive defense relationships, support the development of more professional militaries, contribute to improved civil-military relations, enhance regional stability and promote human rights. Indonesia, Malaysia, Mongolia, the Philippines and Thailand, the five largest IMET recipients in the region, are all key partners in the war on terrorism.
- In Europe and Eurasia, IMET is a key tool for promoting U.S. strategic interests in the region, emphasizing activities such as English language training, military professionalism, force interoperability and preparation of peacekeeping units for integration with U.S., NATO and European and Eurasian armed forces. The benefits of IMET training with countries working closely in the war on terrorism already have been evident, reflected in smooth collaboration with a growing number of countries. IMET training, particularly in areas that emphasize rule of law and civil-military relations, is particularly important for countries with which we seek to expand our cooperation, such as Kazakhstan, the Kyrgyz Republic, Tajikistan and Turkmenistan, where advancing reform in the area of human rights is a key U.S. objective.
- In the Near East region, increased levels of funding reflect the requirements of individual countries and their capacity to absorb additional training as part of their efforts to help support our global counterterrorism efforts. Military-to-military contacts afforded by the IMET program are particularly important in this region, paying dividends far into the future as students rise up the military and political ranks of their respective countries. Strong IMET and military training programs in Jordan, Egypt, Morocco, Oman, Tunisia, Algeria, Bahrain, Iraq, Lebanon, Saudi Arabia and Yemen have demonstrated the importance of IMET in fostering one-to-one relationships with the U.S., enabling countries to obtain technical training necessary to maintain U.S.-origin equipment and increasing awareness of international norms of human rights and civilian control of the military. An IMET program in Iraq supports professional military education and enhanced English language capabilities.
- For South Asia, the IMET program enables officers to attend education and specialized training in U.S. military schools, increases understanding of civil-military relations and respect for human rights and improves interoperability with U.S. units. Increased funding in this region reflects the importance of the IMET program as part of the long-term Afghan National Army (ANA) education and training program. IMET funding also enables continued support from and increased interoperability with Pakistan's military and is a component of our broader military engagement strategy with India and other regional partners.
- In the Western Hemisphere region, the largest programs belong to Argentina, Colombia, the Dominican Republic, El Salvador and Honduras. The primary audience in these and other programs in the region remains the junior and mid-grade ranks, whose development can be positively influenced by exposure to the United States. IMET particularly enhances regional security by consolidating gains Latin American militaries have made in subordinating themselves to civilian control. Additionally, the IMET program will reach out to the civilian side of the region's defense establishment to continue with ongoing efforts to provide educational opportunities to civilian leaders, thereby enhancing civil-military relations.

**International Military Education and Training**  
(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
<b>Africa</b>			
Angola	313	396	400
Benin	-	149	150
Botswana	710	693	690
Burkina Faso	128	109	120
Burundi	-	149	100
Cameroon	236	248	295
Cape Verde	181	119	145
Central African Republic	-	99	100
Chad	470	247	295
Comoros	82	99	105
Cote d'Ivoire	-	-	50
Democratic Republic of Congo	196	248	220
Djibouti	239	322	345
Equatorial Guinea	-	49	45
Eritrea	241	247	445
Ethiopia	572	594	640
Gabon	292	198	245
Gambia	190	99	120
Ghana	648	569	640
Guinea	508	347	345
Guinea-Bissau	87	99	100
Kenya	139	297	45
Lesotho	-	49	45
Liberia	-	198	245
Madagascar	253	198	225
Malawi	362	347	355
Mali	-	49	45
Mauritania	112	129	130
Mauritius	137	124	145
Mozambique	220	213	215
Namibia	-	49	45
Niger	-	49	45
Nigeria	-	792	590
Republic of the Congo	163	99	105
Rwanda	296	223	270
Sao Tome and Principe	194	198	200
Senegal	1,222	1,089	1,135
Seychelles	106	99	120
Sierra Leone	270	322	325
South Africa	-	49	45

**International Military Education and Training**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Swaziland	97	99	100
Tanzania	-	49	45
Togo	44	119	120
Uganda	293	238	295
Zambia	181	223	245
African Union	-	198	-
ECOWAS	-	198	-
Sudan	-	49	100
<b>Subtotal - Africa</b>	<b>9,182</b>	<b>10,826</b>	<b>10,830</b>
<b>East Asia and the Pacific</b>			
Cambodia	-	49	45
East Timor	364	297	320
Fiji	268	248	270
Indonesia	728	792	1,285
Laos	-	49	45
Malaysia	1,100	891	885
Mongolia	1,009	866	910
Papua New Guinea	300	297	295
Philippines	2,915	2,871	2,865
Samoa	-	49	45
Solomon Islands	152	149	155
Thailand	2,526	2,376	2,370
Tonga	140	134	145
Vanuatu	111	99	120
Vietnam	50	50	95
<b>Subtotal - East Asia and the Pacific</b>	<b>9,663</b>	<b>9,217</b>	<b>9,850</b>
<b>Europe and Eurasia</b>			
Albania	1,145	891	935
Armenia	819	743	790
Azerbaijan	879	743	885
Bosnia and Herzegovina	965	891	910
Bulgaria	1,532	1,386	1,430
Croatia	-	49	45
Czech Republic	2,051	1,881	1,875
Estonia	1,183	1,188	1,185
Georgia	1,413	1,188	1,235
Greece	1,026	594	590
Hungary	2,013	1,559	1,480
Latvia	1,396	1,188	1,185

**International Military Education and Training**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Lithuania	1,306	1,188	1,185
Macedonia	729	644	665
Malta	-	49	45
Moldova	1,044	891	885
Poland	2,282	1,980	2,075
Portugal	850	594	690
Romania	1,575	1,485	1,580
Russia	788	743	790
Serbia and Montenegro	-	49	45
Slovakia	994	941	985
Slovenia	950	891	885
Turkey	3,716	2,970	2,960
Ukraine	1,855	1,683	1,725
<b>Subtotal - Europe and Eurasia</b>	<b>30,511</b>	<b>26,409</b>	<b>27,060</b>
<b>Near East</b>			
Algeria	920	743	840
Bahrain	649	644	640
Egypt	1,264	1,188	1,235
Iraq	-	693	1,185
Jordan	3,039	2,970	3,060
Kuwait	-	-	20
Lebanon	809	693	935
Morocco	1,920	1,856	1,975
Oman	1,141	1,089	1,135
Saudi Arabia	-	24	20
Tunisia	1,860	1,856	1,975
Yemen	1,089	1,089	1,085
<b>Subtotal - Near East</b>	<b>12,691</b>	<b>12,845</b>	<b>14,105</b>
<b>South and Central Asia</b>			
Afghanistan	945	792	1,185
Bangladesh	1,035	891	985
India	1,502	1,188	1,480
Kazakhstan	997	990	1,085
Kyrgyz Republic	1,039	1,089	1,085
Maldives	169	173	195
Nepal	648	644	790
Pakistan	1,885	2,024	2,075
Sri Lanka	461	445	540
Tajikistan	348	346	370

**International Military Education and Training**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Turkmenistan	389	297	395
Uzbekistan	-	594	95
<b>Subtotal - South and Central Asia</b>	<b>9,418</b>	<b>9,473</b>	<b>10,280</b>
<b>Western Hemisphere</b>			
Argentina	1,119	1,089	1,135
Bahamas	341	386	225
Belize	308	198	245
Bolivia	-	792	45
Brazil	-	50	45
Chile	600	644	690
Colombia	1,700	1,683	1,680
Costa Rica	-	50	45
Dominican Republic	1,194	1,287	1,085
Ecuador	-	50	45
El Salvador	1,794	1,782	1,825
Guatemala	444	396	490
Guyana	296	297	320
Haiti	151	213	245
Honduras	1,322	1,089	1,285
Jamaica	757	891	750
Mexico	1,253	50	45
Nicaragua	274	594	590
Panama	955	792	650
Paraguay	-	50	45
Peru	-	50	45
Suriname	139	149	145
Trinidad and Tobago	-	49	45
Uruguay	-	49	45
Venezuela	-	-	45
Eastern Caribbean	591	764	765
<b>Subtotal - Western Hemisphere</b>	<b>13,238</b>	<b>13,444</b>	<b>12,575</b>
<b>Global</b>			
E-IMET Schools	3,369	2,970	3,700
General Costs	661	693	500
No-Year/Carry Forward	279	-	-
<b>Subtotal - Global</b>	<b>4,309</b>	<b>3,663</b>	<b>4,200</b>
<b>Total</b>	<b>89,012</b>	<b>85,877</b>	<b>88,900</b>



## Summary of Students Trained Under IMET

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
<b>Africa</b>			
Angola	8	10	10
Benin	-	6	6
Botswana	28	28	27
Burkina Faso	125	2	2
Burundi	-	6	4
Cameroon	7	7	9
Cape Verde	5	4	6
Central African Republic	-	4	4
Chad	23	12	14
Comoros	5	7	7
Cote d'Ivoire	-	-	2
Democratic Republic of Congo	8	11	10
Djibouti	8	11	12
Equatorial Guinea	-	2	2
Eritrea	115	119	212
Ethiopia	15	16	17
Gabon	16	11	14
Gambia	4	2	3
Ghana	35	31	35
Guinea	104	72	71
Guinea-Bissau	105	4	4
Kenya	29	63	9
Lesotho	-	2	2
Liberia	-	8	10
Madagascar	78	62	69
Malawi	58	56	57
Mali	-	2	2
Mauritania	3	3	3
Mauritius	50	46	53
Mozambique	29	28	28
Namibia	-	2	2
Niger	-	2	2
Nigeria	-	32	24
Republic of the Congo	57	35	35
Rwanda	9	7	8
Sao Tome and Principe	30	31	31
Senegal	64	58	59
Seychelles	18	17	20
Sierra Leone	6	7	7
South Africa	-	2	2

## Summary of Students Trained Under IMET

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
Sudan	-	-	4
Swaziland	5	5	5
Tanzania	-	2	2
Togo	-	5	5
Uganda	90	74	91
Zambia	87	111	121
<b>Subtotal - Africa</b>	<b>1,224</b>	<b>1,025</b>	<b>1,122</b>
<b>East Asia and the Pacific</b>			
Cambodia	-	2	6
East Timor	102	84	84
Fiji	15	14	17
Indonesia	62	69	69
Laos	-	2	4
Malaysia	61	50	67
Mongolia	195	169	174
Papua New Guinea	61	62	83
Philippines	211	213	235
Samoa	-	2	2
Solomon Islands	34	35	35
Thailand	243	231	240
Tonga	4	4	4
Vanuatu	17	16	24
Vietnam	6	2	4
<b>Subtotal - East Asia and the Pacific</b>	<b>1,011</b>	<b>955</b>	<b>1,048</b>
<b>Europe and Eurasia</b>			
Albania	153	120	134
Armenia	21	19	23
Azerbaijan	19	16	24
Bosnia and Herzegovina	99	92	113
Bulgaria	121	111	118
Croatia	-	2	10
Czech Republic	148	137	137
Estonia	129	131	153
Georgia	97	82	96
Greece	106	62	62
Hungary	111	87	99
Latvia	84	72	84
Lithuania	159	146	170
Macedonia	73	65	75

## Summary of Students Trained Under IMET

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
Malta	-	2	5
Moldova	70	60	74
Poland	86	75	83
Portugal	48	34	48
Romania	512	488	521
Russia	120	122	122
Serbia and Montenegro	-	2	2
Slovakia	35	33	42
Slovenia	104	99	115
Turkey	282	228	304
Ukraine	74	68	68
<b>Subtotal - Europe and Eurasia</b>	<b>2,651</b>	<b>2,353</b>	<b>2,682</b>
<b>Near East</b>			
Algeria	73	60	80
Bahrain	80	80	123
Egypt	41	39	42
Iraq	-	11	11
Jordan	195	193	193
Lebanon	93	80	92
Morocco	89	87	89
Oman	59	57	72
Saudi Arabia	-	2	2
Tunisia	77	78	80
Yemen	43	43	43
<b>Subtotal - Near East</b>	<b>750</b>	<b>730</b>	<b>827</b>
<b>South and Central Asia</b>			
Afghanistan	46	39	39
Bangladesh	98	85	85
India	86	69	69
Kazakhstan	36	36	43
Kyrgyz Republic	26	28	30
Maldives	9	9	10
Nepal	196	197	212
Pakistan	89	97	94
Sri Lanka	22	21	21
Tajikistan	5	5	6
Turkmenistan	30	23	23
Uzbekistan	-	24	56
<b>Subtotal - South and Central Asia</b>	<b>643</b>	<b>633</b>	<b>688</b>

## Summary of Students Trained Under IMET

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
<b>Western Hemisphere</b>			
Argentina	241	239	366
Bahamas	81	93	57
Belize	23	15	7
Bolivia	-	76	76
Brazil	-	2	2
Chile	152	165	202
Colombia	435	435	435
Costa Rica	-	2	2
Dominican Republic	93	101	101
Eastern Caribbean	58	59	59
Ecuador	-	2	6
El Salvador	288	289	288
Guatemala	113	102	76
Guyana	10	10	10
Haiti	49	70	70
Honduras	408	340	381
Jamaica	69	82	64
Mexico	218	9	218
Nicaragua	10	22	24
Panama	83	70	52
Paraguay	-	2	5
Peru	-	2	6
Suriname	12	13	13
Trinidad and Tobago	-	2	2
Uruguay	-	2	3
Venezuela	-	-	2
<b>Subtotal - Western Hemisphere</b>	<b>2,343</b>	<b>2,204</b>	<b>2,527</b>
<b>Total</b>	<b>8,622</b>	<b>7,900</b>	<b>8,894</b>

## Foreign Military Financing

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	4,745,232	4,464,900	4,550,900
FMF-SUP	250,000	-	-

Foreign Military Financing (FMF) is a critical foreign policy tool for promoting U.S. interests around the world by ensuring that coalition partners and friendly foreign governments are equipped and trained to work toward common security goals and share burdens in joint missions. In that regard, FMF is vital to supporting U.S. coalition partners in the war on terrorism. FMF provides grants for the acquisition of U.S. defense equipment, services and training, which promotes U.S. national security by contributing to regional and global stability, strengthening military support for democratically-elected governments, and containing transnational threats including terrorism and trafficking in narcotics, weapons, and persons. These grants enable key allies and friends to improve their defense capabilities and foster closer military relationships between the U.S. and recipient nations. Increased military capabilities build and strengthen multilateral coalitions with the U.S. and enable friends and allies to be increasingly interoperable with regional, U.S., and NATO forces. By increasing demand for U.S. systems, FMF also contributes to a strong U.S. defense industrial base, an important element of U.S. national defense strategy that reduces cost for Department of Defense acquisitions and secures more jobs for American workers.

The objectives of U.S. Foreign Military Financing are to:

- Improve the military capabilities of key friendly countries to contribute to international crisis response operations, including peacekeeping and humanitarian crises.
- Promote bilateral, regional and multilateral coalition efforts, notably in the global war on terrorism
- Maintain support for democratically-elected governments that share values similar to the United States for democracy, human rights, and regional stability.
- Enhance rationalization, standardization, and interoperability of military forces of friendly countries and allies.
- Assist the militaries of friendly countries and allies to procure U.S. defense articles and services that strengthen legitimate self-defense capabilities and security needs.
- Enhance rationalization, standardization, and interoperability of military forces of friendly countries and allies.
- Support the U.S. industrial base by promoting the export of U.S. defense-related goods and services.

Uses of FY 2007 FMF grant funding:

- The majority of funds – approximately 86% – provides continued assistance for the Near East. These funds help to promote regional stability and strengthen U.S. partnerships with moderate governments friendly to U.S. interests. With FMF, we seek to boost the legitimate defense needs of countries such as

Israel, Egypt and Jordan, which, through their efforts, have demonstrated their desire to seek a comprehensive Middle East peace. In FY 2007, FMF for other friends and allies in the region, such as Bahrain, Morocco, Oman, Tunisia and Yemen, will help to strengthen and modernize their self-defense capabilities, safeguard their borders and territorial waters, meet their legitimate indigenous security needs, increase their interoperability with U.S. forces and support coalition efforts in the war on terrorism.

- Support continues for ongoing efforts in Europe and Eurasia to incorporate the most recent NATO members into the Alliance as well as to assist prospective NATO members preparing for accession and support other coalition partners in the International Security Assistance Force in Afghanistan and Operation Iraqi Freedom. The request will help support defense reform, which is a crucial building block for countries in which the organizational relationship between the military commands and the civilian administration will be restructured. Funds will also support Partnership for Peace (PfP) countries in Central Europe, the Caucasus and Central Asia to pursue defense reform and the continued implementation of membership, partnership and individual Country Action Plan goals. Major program elements include increasing Poland's capability to participate in coalition efforts, and achieve a military modernization and reform plan. In Bosnia-Herzegovina, FMF will continue to promote defense reform to integrate three military entities into a single state-level military that is under civilian control.
- FMF in the Western Hemisphere focuses on key U.S. foreign policy and national security objectives for the region by ensuring that militaries are equipped and professionally trained to exert effective authority over their national territory, control approaches to the United States and participate in coalition and peacekeeping operations. The majority of assistance will go to supporting Colombia in its efforts to establish and strengthen national authority over remote areas that shelter terrorists and support the illegal narcotics trade. FMF will be used to support El Salvador's efforts to control its borders against terrorist and narcotrafficking threats, upgrade its disaster relief capabilities, and increase its interoperability for coalition and peacekeeping operations. FMF also plays a critical role in U.S. homeland defense by improving the capacity of countries on our southern borders and approaches, including the island states that form our "third border." Towards this end, FMF is being requested in FY 2007 to continue the Operation Enduring Friendship initiative, which will provide support to countries in the Caribbean and Central America. By improving the ability of these countries to control their sovereign territory and provide for a robust maritime interdiction program, much can be done to combat transnational crime and counter terrorism. Finally, FMF will be used to provide equipment and training to those countries in the region that are willing to work closely with the United States and its allies around the globe in support of coalition and/or peacekeeping operations.
- FMF in the East Asia and Pacific region will combat transnational terror and crime, promote military reform and build support for U.S. objectives in the region. In the Philippines, FMF will help build counterterrorism capabilities and continue a multi-year reform of the Armed Forces of the Philippines. Funds will also be used to sustain logistical and support functions. Thailand will use FMF to support its counterterrorism units, thereby increasing its ability to combat terrorism and operate more effectively with U.S. forces. Mongolia will continue to use FMF to support its border communications project, which is designed to enhance border security, and prevent smuggling and other trans-national crime. Critical FMF for Indonesia will address shortfalls in maritime and border security including in the strategic Strait of Malacca, provide transportation capabilities for humanitarian assistance/disaster relief, and contribute to military reform. Funds for East Timor will be used to ensure the establishment of a competent defense force, which is trained, prepared and equipped to defend the country's sovereignty, perform civic actions, respond to natural disasters and emergencies, and develop policy and strategic direction under the rule of law.

- Conflict and ungoverned spaces in Africa remains a concern for the United States. FMF for this region will support counterterrorism capabilities, improve peacekeeping capacity and enhance border and maritime controls, thereby strengthening regional stability. Funds will be used to thwart the terrorist threat in the Horn of Africa and bolster regional security. FY 2007 FMF will continue to support the African Coastal and Border Security program, which seeks to provide new and follow-on assistance to important African partners to control sensitive border areas and to defend its vast coastal waters from terrorist and criminal activities, as well as to better protect fisheries, oil, and environmental resources. In Liberia, funds will assist in the establishment of a new unified and professional national military force. Funding also will provide HIV/AIDS training equipment to prevent new HIV/AIDS cases and to better manage its impact on African military personnel.
- FMF in the South Asia region continues to focus on sustaining Operation Enduring Freedom (OEF), countering regional and international terrorism and enhancing counter-insurgency and peace support capabilities. The majority of FY 2007 FMF for the South Asia region will go to Pakistan. FMF will fund equipment essential to Pakistan's participation in support of OEF, sustain existing U.S.-origin equipment, further enhance U.S.-Pakistani interoperability and support a multi-year funding strategy to bolster the efforts of a key ally in the war on terrorism.
- FMF will also support Department of Defense costs for the administration of global grant military assistance programs.

**Foreign Military Financing**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Botswana	496	-	-
Djibouti	4,468	3,960	4,000
Ethiopia	7,050	1,980	2,000
Ghana	496	495	400
Kenya	-	495	25
Liberia	2,976	1,980	1,600
Nigeria	-	990	800
Senegal	496	495	400
Uganda	1,984	-	-
Africa Coastal/Border Security Program	3,968	3,960	4,000
Military Health Affairs	1,984	1,980	1,600
<b>Subtotal - Africa</b>	<b>23,918</b>	<b>16,335</b>	<b>14,825</b>
<b>East Asia and the Pacific</b>			
Cambodia	992	990	500
East Timor	1,023	990	500
Fiji	248	495	250
Indonesia	-	990	6,500
Mongolia	992	2,970	3,000
Philippines	29,760	29,700	17,600
Thailand	1,488	1,485	1,300
Tonga	248	248	250
Regional Maritime	-	-	2,000
<b>Subtotal - East Asia and the Pacific</b>	<b>34,751</b>	<b>37,868</b>	<b>31,900</b>
<b>Europe and Eurasia</b>			
Albania	2,976	3,465	3,200
Armenia	7,936	3,960	3,500
Azerbaijan	7,936	3,960	4,500
Bosnia and Herzegovina	8,480	8,910	9,000
Bulgaria	6,944	9,900	10,000
Czech Republic	5,952	3,960	3,500
Estonia	4,960	4,455	4,000
Georgia	11,904	11,880	10,000
Hungary	5,951	2,475	2,500
Latvia	4,960	4,455	4,000
Lithuania	5,456	4,455	4,000
Macedonia	5,208	3,960	3,600
Moldova	446	495	500
Poland	76,470	29,700	30,000



**Foreign Military Financing**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Romania	13,412	12,870	15,000
Slovakia	4,959	3,960	4,000
Slovenia	1,486	495	500
Turkey	33,728	14,850	15,000
Ukraine	2,976	10,890	10,000
<b>Subtotal - Europe and Eurasia</b>	<b>212,140</b>	<b>139,095</b>	<b>136,800</b>
<b>Near East</b>			
Bahrain	18,847	15,593	15,750
Egypt	1,289,600	1,287,000	1,300,000
Israel	2,202,240	2,257,200	2,340,000
Jordan	204,352	207,900	206,000
Jordan SUP	100,000	-	-
Lebanon	-	990	4,800
Morocco	15,128	12,375	12,500
Oman	19,840	13,860	14,000
Tunisia	10,407	8,415	8,500
Yemen	9,910	8,415	8,500
<b>Subtotal - Near East</b>	<b>3,870,324</b>	<b>3,811,748</b>	<b>3,910,050</b>
<b>South and Central Asia</b>			
Afghanistan	396,800	-	-
Bangladesh	248	990	875
Kazakhstan	4,960	3,465	3,500
Kyrgyz Republic	1,984	1,881	1,500
Nepal	-	1,980	1,300
Pakistan	148,800	297,000	300,000
Pakistan SUP	150,000	-	-
Sri Lanka	496	990	900
Tajikistan	496	495	250
Turkmenistan	694	297	250
<b>Subtotal - South and Central Asia</b>	<b>704,478</b>	<b>307,098</b>	<b>308,575</b>
<b>Western Hemisphere</b>			
Argentina	-	49	40
Bahamas	99	99	80
Belize	698	198	175
Bolivia	-	990	25
Chile	495	594	500
Colombia	99,200	89,100	90,000
Dominican Republic	992	941	725

**Foreign Military Financing**  
(\$ in thousands)

	<b>FY 2005</b> <b>Actual</b>	<b>FY 2006</b> <b>Estimate</b>	<b>FY 2007</b> <b>Request</b>
Ecuador	-	495	25
El Salvador	1,488	9,900	5,500
Guyana	99	99	75
Haiti	297	990	775
Honduras	1,492	891	675
Jamaica	595	594	500
Nicaragua	496	594	500
Panama	992	990	775
Peru	-	198	25
Suriname	99	99	80
Eastern Caribbean	1,113	889	775
Operation Enduring Friendship	-	3,960	4,000
<b>Subtotal - Western Hemisphere</b>	<b>108,155</b>	<b>111,670</b>	<b>105,250</b>
<b>Global</b>			
Enhanced International Peacekeeping Capabilities	1,786	-	-
FMF Administrative Costs	39,680	41,086	43,500
<b>Subtotal - Global</b>	<b>41,466</b>	<b>41,086</b>	<b>43,500</b>
<b>Total</b>	<b>4,995,232</b>	<b>4,464,900</b>	<b>4,550,900</b>

## FMF Administrative Costs

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	39,680	41,086	43,500

The requested funding provides for the cost of administrative activities related to non-Foreign Military Sales (FMS) security assistance programs implemented by the Combatant Commands, Military Departments and the Defense Security Cooperation Agency (DSCA).

The proposed program level represents the projected costs required to accomplish the managerial and administrative actions necessary to manage and implement the non-FMS segments of security assistance programs, as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities and support for non-FMS functions of the overseas Security Assistance Organizations (SAOs).

The FMF Administrative Costs account implements such non-FMS activities as administration of the IMET program, management of drawdowns of military equipment and services, grant transfers of excess defense articles and naval vessels, fulfilling responsibility for monitoring military items previously transferred under the former Military Assistance Program (MAP), reviewing FMF-financed Direct Commercial Contracts (DCC) and management of the FMF program. The initiation and expansion of security assistance relationships with many countries around the world in support of the war on terrorism require the establishment of SAOs in an increasing number of locations. In addition, overseas costs for all SAOs, especially for security, have increased dramatically. In particular, the FY 2007 request includes increased funding in order to meet requirements to establish an enduring SAO office in Iraq.

The sustained increases in IMET funding levels, as well as new GWOT-related student screening requirements, have also increased administrative workload and funding requirements. FMF Admin funds also support the continued implementation of the Golden Sentry end use monitoring program, which is critical for maintaining physical accountability and security for weapons such as man-portable air defense missile systems.

## Peacekeeping Operations

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
PKO	257,568	173,250	200,500
PKO-SUP	290,000	-	-

U.S. Peacekeeping Operations (PKO) funds support multilateral peacekeeping and regional stability operations that are not funded through the UN mechanism. This funding helps to support regional peace support operations for which international coalitions or neighboring countries take primary responsibility. These funds also help build capabilities in countries seeking to participate in international peace support missions. The United States is committed to enhancing the ability of other nations and international organizations to carry out voluntary peacekeeping and humanitarian operations, thereby sharing an international burden to restore regional stability and peace.

Assistance for peacekeeping and peace support operations is a cornerstone of regional security. Historically, these operations help separate adversaries, promote and maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants and create conditions under which political reconciliation and democratic elections may occur. Successful peacekeeping operations can reduce the likelihood of destabilizing interventions by regional powers and the need for more expensive UN operations, prevent the proliferation and expansion of smaller-scale conflicts, facilitate the establishment and growth of open societies and economies, contain the cost of humanitarian emergencies, limit the flow of refugees, and restrict illegal activities both within and across national borders. PKO assistance builds capabilities in countries and international organizations to undertake these tasks by establishing new peacekeeping units and security forces, enhancing operational planning skills to command and implement international missions, and improving equipment and communications critical to operations.

Key objectives of this account are to:

- Promote peace and security by supporting multilateral peacekeeping initiatives around the world.
- Address key gaps in capabilities to enable countries and regional organizations to deploy to peacekeeping and humanitarian operations.
- Develop institutional capacity to coordinate peacekeeping and other military and humanitarian support operations.
- Advance international support for voluntary multinational efforts in conflict resolution.
- Reform and integrate military forces in the aftermath of conflict.

Through the use of the PKO account, the United States is better able to assist countries in creating an environment of security and stability essential to their social, economic, and political progress. The account provides the flexibility to support multilateral peace operations, conflict resolution, and sanctions enforcement. It can strengthen involvement of regional organizations in conflict management, often resulting in more politically- or cost-effective operations.

Highlights of the use of PKO funds in FY 2007 include:

- Assist efforts to end destructive conflicts and ensure viable peace in the Great Lakes region, the Mano River region of West Africa, and other sensitive areas on the continent by supporting conflict management activities, confidence-building measures and defense reform efforts. Funds may also support programs to enhance African capabilities to respond to regional crises, especially in conjunction with the African Union (AU) and the Economic Community of West African States (ECOWAS).
- Continue support for Security Sector Reform (SSR) in Liberia to ensure a successful transition to a professional and capable security force. PKO will support efforts to restructure ground forces such as combat and combat support units by providing equipment, training, and infrastructure needs. Assistance also will be expanded to include support for specialty units such as naval and coastal patrol units.
- Support a concerted effort to train and equip the Sudan Peoples Liberation Army to enable its transformation from a guerrilla army to a conventional military. Funds also will assist in overall defense reform efforts in Sudan such as the development of the Sudanese Joint Integrated Units (JIUs), support for the International Military Advisory Team (IMAT), and restructuring the MOD. This assistance will immensely bolster prospects for peace as the government and people of South Sudan gain confidence in their security situation and are protected by a military that is both more professional and more representative of their diverse society.
- Enhance countries' abilities to participate in international peace support operations (PSOs) by addressing key gaps in their PSO capacity through the Global Peace Operations Initiative (GPOI). The five-year program focuses on training and equipping 75,000 troops worldwide, with an emphasis in Africa; increasing the number of gendarme units able to deploy to PSOs; and facilitating deployments by providing deployment support such as transportation to the mission and sustainment in the field. The program includes continued support for the PKO-funded African Contingency Operations Training and Assistance (ACOTA) program.
- Provide for the Multinational Force and Observers (MFO) in the Sinai, which is an important part of the peace between Israel and its neighbors. In addition to an established system to monitor compliance of the Egyptian-Israeli Peace Treaty, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. FY 2007 funds will allow the MFO to meet possible expanded requirements related to the Gaza disengagement, as well as previously planned aircraft upgrades. The United States has a firm political commitment to finance one-third of the annual MFO budget, with the other two thirds provided by Israel and Egypt.
- Support the Trans-Saharan Counterterrorism Initiative (TSCTI), a multi-disciplinary approach to countering terrorist threats and influence in North Africa, the Sahel, and across the Sahara. Civilian, police, and military programs will enhance border control and rapid response capabilities, strengthen institutions, and foster development and education. PKO funds will develop and enhance counterterrorist capabilities of security forces in the region, including supporting activities that promote interoperability and facilitate coordination between the countries to counter common threats.

**Peacekeeping Operations**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>Africa</b>			
Africa Regional	47,204	40,866	3,950
African Contingency Operations Training and Assistance	14,880	-	-
Sudan	74,400	13,000	41,425
Sudan SUP	60,000	-	-
Trans-Sahara Counter-terrorism Initiative (TSCTI)	3,000	-	16,750
Liberia	-	-	14,800
<b>Subtotal - Africa</b>	<b>199,484</b>	<b>53,866</b>	<b>76,925</b>
<b>East Asia and the Pacific</b>			
East Timor	1,228	-	-
<b>Subtotal - East Asia and the Pacific</b>	<b>1,228</b>	<b>-</b>	<b>-</b>
<b>Europe and Eurasia</b>			
OSCE Regional	1,400	-	-
<b>Subtotal - Europe and Eurasia</b>	<b>1,400</b>	<b>-</b>	<b>-</b>
<b>Near East</b>			
Multinational Force and Observers	19,956	19,000	21,000
<b>Subtotal - Near East</b>	<b>19,956</b>	<b>19,000</b>	<b>21,000</b>
<b>South and Central Asia</b>			
Afghanistan	15,500	-	-
<b>Subtotal - South and Central Asia</b>	<b>15,500</b>	<b>-</b>	<b>-</b>
<b>Global</b>			
Global Peace Operations Initiative	80,000	100,384	102,575
Coalition Solidarity Initiative SUP	230,000	-	-
<b>Subtotal - Global</b>	<b>310,000</b>	<b>100,384</b>	<b>102,575</b>
<b>Total</b>	<b>547,568</b>	<b>173,250</b>	<b>200,500</b>

## Global Peace Operations Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
PKO	80,000	100,384	102,575

The Global Peace Operations Initiative (GPOI) is a Presidential initiative to increase the capacity of countries to deploy to international peace support operations. A five-year program that began in FY 2005, GPOI is addressing key gaps in global peacekeeping capacity by 1) training 75,000 peace support troops worldwide, with an emphasis in the Africa region and building African command headquarters capability; 2) increasing the number of gendarme units deployable to international operations; and 3) facilitating deployment of PSO units by helping to provide equipment, transportation, and sustainment in the field. The program incorporates the PKO-funded *African Contingency Operations Training and Assistance (ACOTA)* program and builds on the *Enhanced International Peacekeeping Capabilities (EIPC)* initiative, previously funded under the Foreign Military Financing account.

GPOI's overarching goals will be accomplished through the following activities:

- *GPOI Train and Equip* - Funds for the Train and Equip component of GPOI will be focused on providing training, equipment, and sustainment of PSO troops in Latin America, Europe, and Asia (PSO training in Africa will be provided through the ACOTA program described below). In FY 2007 GPOI will train and equip GPOI partner countries such as Guatemala, Honduras, El Salvador, Nicaragua, Ukraine, Albania, Bosnia and Herzegovina, the South East Europe Brigade member nations (Italy, Turkey, Greece, Albania, Bulgaria, and Romania), Mongolia, Thailand, Bangladesh, and Malaysia. We may also expand the program to include countries such as, but not limited to, Peru, Fiji, Tonga, the Philippines, Indonesia, Sri Lanka, India, Pakistan, Nepal, and Jordan. Funds will support unit training as well as the train-the-trainer concept, and training and exercises to test capabilities and provide experience in using newly acquired skills in a multinational setting. In addition, funds will purchase peacekeeping equipment that will be cached and available to international peace support units—for use if needed to deploy to an international operation. Modest funding will also be provided to the gendarme element of GPOI to help foreign units receive training at the Center of Excellence for Stability Police Units (COESPU) in Vicenza, Italy. Using a “train-the-trainer” methodology, COESPU is focusing on peace support operations doctrine, interoperability both among foreign gendarme units and with military units, and a series of other skills that will help fill the vital security gap that exists in most peace support operations today. Finally, funds will enable the U.S. to make a contribution to an international deployment support arrangement to facilitate lift and sustainment of troops to operations worldwide, and develop an evaluative mechanism, including measures of effectiveness, to ensure GPOI is achieving its goals.
- *Enhancing Regional Capabilities* – Training and equipping peace support units must be accompanied by the development of capable command elements that can lead and sustain them. Therefore, GPOI will also focus on building command and planning capabilities for peace support operations. Building on years of experience developing institutional capacities to field more efficient and well-led peacekeeping units through the Enhanced International Peacekeeping Capabilities program, GPOI will provide training in common peacekeeping doctrine, support the development of regional headquarters commands, and enhance command and control interoperability at the battalion and higher levels. In FY 2007, efforts will focus on developing headquarters peace operations capabilities in African regional organizations, especially the Economic Community of West African States (ECOWAS) and the African Union (AU). This will include support for headquarters personnel and infrastructure,

including logistic facilities; training through classroom and mobile training teams, advisors, and equipment to improve regional interoperability. Training and exercises will emphasize peacekeeping doctrine, command and control, logistics, and force planning. In other regions of the world, similar command and control capabilities will be developed at regional organizations and/or in countries that will take a leadership role in building peace support capabilities in other regions of the world.

- *African Contingency Operations Training and Assistance (ACOTA)* - The ACOTA program is the African peacekeeping training component of GPOI and will train selected African militaries to carry out peace support and humanitarian relief operations. ACOTA works with African partner militaries, regional and sub-regional organizations, and other U.S. Government programs to coordinate crisis response training. ACOTA partnerships are based on extensive collaboration with African countries and other stakeholders. The program enables African military contingents from different countries and organizations to execute multinational peacekeeping operations by providing them with interoperable peace support operations skills and training equipment. ACOTA's comprehensive approach encourages African countries and security institutions to take the primary responsibility for peacekeeping in the region. Greater regional stability created by an enhanced African peace support capacity serves U.S. interests in promoting African democracy and economic growth.

ACOTA enhances African capabilities to participate in an expanded range of peace support operations through a program combining classroom instruction, field training, and computer-assisted exercises. Partner nation training staffs are integrated into the instruction in order to assure that they are able to continue to conduct programs of instruction established by ACOTA in tasks such as convoy escort, logistics, protection of refugees, negotiations, robust force protection, and command and control. Brigade-level staff training develops skills necessary for effective sub-regional command and control structures. The program integrates humanitarian, nongovernmental, and international relief organization participation into the training in order to improve critical coordination in real-world operations. In FY 2007, ACOTA's commitment to long-term support and cooperation will continue. ACOTA will train and equip new battalions and specialty units and continue ACOTA training programs in partner countries such as Senegal, Ghana, Benin, Mali, Kenya, Ethiopia, Malawi, Botswana, Mozambique, South Africa, Zambia, Gabon, and Nigeria. ACOTA may expand to include new partner countries, such as, but not limited to, Angola and Namibia. ACOTA will conduct bilateral and multinational brigade-level and force headquarters training exercises that include participants from sub-regional organizations and the AU. Support to African regional security organizations and to the new African Standby Brigades will assist development of strong planning and organizational units capable of response to humanitarian and peacekeeping crises in the region. Finally, ACOTA will expand training equipment and logistics training support to enhance readiness so that African PSO units can more effectively respond to contingencies in the region.



# MULTILATERAL ECONOMIC ASSISTANCE

International Financial Institutions  
International Organizations and Programs

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## International Financial Institutions

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IFI	1,219,199	1,277,236	1,328,968

International Financial Institutions (IFIs) provide loans, grants and investments in developing and transition economies and private sector enterprises in countries where risks are too high for private financing alone and where leverage is needed to encourage private financing. Bank policies and assistance programs reflect U.S. priorities in promoting growth, increasing productivity, and reducing poverty in developing countries.

The FY 2007 request for the IFIs is \$1.329 billion of scheduled annual commitments including the initial scheduled commitments for the first replenishment of the Inter-American Development Bank - Multilateral Investment Fund (MIF) and the seventh replenishment of the International Fund for Agricultural Development (IFAD-7).

The FY 2007 request, through funding for the International Development Association (IDA) and the African Development Fund (AfDF), supports key international development priorities such as the landmark debt relief initiative, secured by the United States working with the UK and other key countries, that will end the destabilizing lend-and-forgive cycle of development assistance for the world's poorest and most heavily indebted countries, freeing up funds for more effective and measurable economic growth and poverty reduction programs.

Through U.S. leadership in the IFI replenishment negotiations, key policy reforms were initiated, reinforced and extended in the international financial institutions that will improve debt sustainability and increase grants, further measurable results, and increase transparency and fight corruption.

Debt sustainability frameworks were adopted in IDA, AfDF, and IFAD that will provide a significant increase in grant resources to the poorest countries. IDA will provide approximately 30% of its total resources to the world's poorest and debt vulnerable countries as grants and the AfDF will raise the estimated grant share from about 20 percent to over one-third of available resources. The Asian Development Fund's eighth replenishment established, for the first time in the AsDF, a grant window where approximately 30 percent of assistance to the poorest countries will be in the form of grants.

Results measurement systems were expanded significantly through the IDA-14 and AfDF-10 replenishments and will be robust with the adoption of clear, measurable goals and targets and results-based management processes and standards.

Measures to improve transparency and efforts to fight corruption in countries, on bank projects, and in the institutions themselves were strengthened. IDA will conduct an independent assessment of its internal controls framework, the AfDB established a new anti-corruption and investigative unit, the IDB overhauled its procurement policies and practices to conform to best international practices, and AsDB significantly increased its in-country governance programs.

In the replenishment for the Multilateral Investment Fund (MIF), the United States achieved its key objectives including a strengthened commitment to measurable results, increasing efficiency, allocating resources to maximize innovation, and reforming the procurement guidelines of the Inter-American Development Bank.

In the replenishment negotiations for the International Fund for Agricultural Development (IFAD-7), the United States achieved its key objectives, including a time-bound and measurable plan to increase IFAD's effectiveness, improved implementation of the performance-based allocation system including removing fixed regional allocations, a debt sustainability framework that will result in an increase in grant funding, and increased transparency and anti-corruption measures.

**International Financial Institutions**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
Global Environment Facility*	106,640	79,200	56,250
International Development Association	843,200	940,500	950,000
Multilateral Investment Guarantee Agency	-	1,287	-
Asian Development Fund	99,200	99,000	115,250
Asian Development Bank*	-	-	23,750
African Development Bank	4,067	3,602	5,018
African Development Fund	105,152	134,343	135,700
European Bank for Reconstruction and Development	35,148	1,006	-
Enterprise for the Americas Multilateral Investment Fund	10,912	1,724	25,000
Inter-American Investment Corporation	-	1,724	-
International Fund for Agricultural Development	14,880	14,850	18,000
<b>Total</b>	<b>1,219,199</b>	<b>1,277,236</b>	<b>1,328,968</b>

\*The GEF total represents an estimate based on progress in current replenishment negotiations. This amount could be higher or lower depending on the outcome of these negotiations. Pending the outcome of the GEF negotiations, the request also includes funding for a new environment program at the Asian Development Bank to support the Asia-Pacific Partnership on Clean Development and Climate.

## International Organizations and Programs

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IO&P	300,967	326,163	289,000

The FY 2007 request of \$289,000,000 for voluntarily funded International Organizations and Programs (IO&P) will advance U.S. strategic goals by supporting and enhancing international consultation and coordination. This approach is required in transnational areas such as protecting the ozone layer or safeguarding international air traffic, where solutions cannot be effective unless problems are addressed globally. In other areas, such as development programs and addressing the needs of children and mothers, the United States multiplies the influence and effectiveness of its contributions through support for international programs.

### *UN Center for Human Settlements (UN-HABITAT) (\$400,000)*

Over the next fifteen years, 90 percent of the world's population growth will occur in the cities of the developing world, severely challenging the capacity of local and national authorities to provide the most basic services. UN-HABITAT is the lead UN agency charged with responding to the challenges of urban poverty, which also impact U.S. national interests in areas of regional stability, health, and economic prosperity. In 2001, the United Nations General Assembly recognized the importance of UN-HABITAT's mission and the significant improvements in its management by elevating its status within the UN system.

The FY 2007 IO&P request would support a \$400,000 contribution to the core budget of UN-HABITAT. The core budget supports program operations in 80 countries to train local authorities in urban planning, creating regulatory frameworks, providing basic infrastructure, involving women and communities in decision-making, and other key skills needed to manage and govern effectively. UN-HABITAT's core budget in 2004 was approximately \$11 million. UN-HABITAT programs also mobilize domestic resources for slum upgrading, promote secure tenure, fund research on the scope and condition of global slums, and support the dissemination of information on effective programs that improve the lives of slum dwellers.

### *International Development Law Organization (IDLO) (\$300,000)*

The International Development Law Organization (IDLO) is an intergovernmental organization based in Rome that provides training and technical assistance to developing countries in the areas of the rule of law and good governance with the purpose of alleviating poverty. IDLO has trained 13,000 judges, prosecutors, public defenders, and other legal professionals from 162 countries and provided training-related technical assistance in virtually all developing and transition economy countries. IDLO's work in the Middle East complements U.S. democracy goals. For example, in Afghanistan, IDLO trained 450 judges and provided technical assistance on legislative reforms. IDLO counts 38 Alumni Associations around the world that provide legal resources, advice and assistance to NGOs and the local legal community—thus ensuring a multiplier effect. Many of IDLO's alumni have risen to high-level positions in their governments. IDLO is a lean, effective organization with 17 Member States including the United States. FY 2007 IO&P funding would help support IDLO's core budget, which was approximately \$7 million for 2004. IDLO has also received program funding from the U.S. Agency for International Development (USAID).

*UN Office for the Coordination of Humanitarian Affairs (UN OCHA) (\$1,000,000)*

The FY 2007 request includes a contribution for OCHA to fund core operating resources. This funding will help OCHA maintain the staff necessary to prepare for emergencies and respond quickly, with improved coordination amongst UN agencies, when man-made or natural disasters occur. OCHA was among the first UN agencies to respond to the aftermath of the 2004 Asian tsunami, sending staff to the region within days of the catastrophe. Since the U.S. intervention in Afghanistan in 2002, the United States has relied on OCHA to an ever-greater degree to coordinate massive UN relief programs. Under the leadership of a dynamic Under Secretary-General, OCHA is also working to coordinate political and humanitarian efforts to assist hard-to-reach population groups, such as in Sudan, North Korea, Uganda, and Colombia. This goal is consistent with U.S. foreign policy and it requires the maintenance of a stable office.

*United Nations Voluntary Fund for Technical Cooperation in the Field of Human Rights (\$1,425,000)*

The UN Voluntary Fund for Technical Cooperation in the Field of Human Rights provides support to nations who seek assistance in strengthening their own democratic institutions and protecting the human rights of their citizens. Many of these nations are newly independent, and are struggling to adopt, implement and adhere to the democratic principles promoted by the donor nations. In recent years, as more countries have begun the transition to democracy, the number of requests for assistance has increased considerably. FY 2007 funding will help continue to leverage increased contributions by other governments and demonstrate the U.S. commitment to an efficient and responsive human rights mechanism.

*United Nations Voluntary Fund for Victims of Torture (\$4,750,000)*

The UN Voluntary Fund for Victims of Torture provides worldwide humanitarian assistance to torture victims and their families. The Fund also finances training programs for health care professionals specializing in the treatment of torture victims and human rights courses for government officials and police forces. U.S. contributions to the Fund underscore our commitment to the rights of the individual and to the essential importance of protecting these rights in order to reinforce a climate of respect for the rule of law, good governance and human rights. Contributions to the Fund also demonstrate the U.S. commitment to humanitarian assistance to victims of human rights violations.

*Organization of American States Fund for Strengthening Democracy (\$2,500,000)*

Strengthening democracy is at the heart of U.S. policy in the Western hemisphere. In recent years, the OAS has demonstrated new-found strength and purpose in promoting representative democracy and respect for human rights and the rule of law. The OAS Fund for Strengthening Democracy is a small, but highly effective investment to mobilize hemispheric efforts through conflict resolution, electoral observation missions and technical assistance, and programs to reinforce democratic institutions and political parties.

The fund supports the Inter-American Commission on Human Rights, which monitors and adjudicates human rights complaints in the hemisphere, and its Special Rapporteur for Freedom of Expression. It contributes to the highly successful OAS demining program, which is making real progress toward the achievement of a mine-free Central America. In addition, Summits of the Americas mandates, as well as recent OAS commitments to implement the Inter-American Democratic Charter, have substantially

increased demands on the OAS Democracy Fund to support efforts to address and prevent threats to democracy throughout the hemisphere.

The FY 2007 IO&P request for the OAS Democracy Fund will be used to promote democracy programs as described, as well as support the OAS Special Mission to Strengthen Democracy in Haiti, whose security professionals are currently assisting with the police academy intake candidate vetting essential for successful elections in 2006 and domestic stability in the coming years by developing a non-partisan, professional police force. The Special Mission also provides assistance to the Interim Government of Haiti in human rights, administration of justice, elections preparations and public affairs. The OAS is an important mechanism for maintaining our commitment to democratic governance in this fragile nation.

*United Nations Development Program (UNDP) (\$94,500,000)*

UNDP is the UN's primary development agency, with a presence in over 136 countries. UNDP's core goals are: (1) reducing human poverty; (2) fostering democratic governance; (3) managing energy and environment for sustainable development; (4) supporting crisis prevention and recovery; and (5) responding to HIV/AIDS. UNDP's work in democratic governance and post-conflict reconstruction is also a valuable part of its international efforts.

The FY 2007 IO&P request for UNDP aims to support UNDP infrastructure while directing our resources to better support the UNDP activities in which the United States has the greatest interests and which support countries' efforts to improve their governance. U.S. funding requested includes \$50 million for UNDP's regular budget for general program and organization support, \$24.5 million for the Democratic Governance Thematic Trust Fund, and \$20 million for the Thematic Trust Fund for Crisis Prevention and Recovery.

*United Nations Development Fund for Women (UNIFEM) (\$950,000)*

UNIFEM's goal is to improve significantly the status of and opportunities for women in the least developed countries through greater participation in political, economic, and social life. Investments in women—in their health, education, and economic access—are key components of sustainable development. The more education women have, the more likely they are to be economically productive and engage in public life. They are also more likely to begin childbearing later in life, to educate their children, and to have healthier children—passing the advantages they have gained on to the next generation. UNIFEM's goals coincide with several key U.S. strategic goals: economic development, democracy and human rights, and global growth and stability.

UNIFEM works in over 100 countries with a growing network of affiliated individual advisors and organizations in Africa, the Arab States, Asia and the Pacific, Central and Eastern Europe, as well as Latin America and the Caribbean. UNIFEM receives over \$36 million in annual contributions from governments. In recent years, the U.S. has contributed approximately \$1 million a year to UNIFEM.

*Organization of American States Development Assistance Programs (\$5,225,000)*

The promotion of economic prosperity and sustainable development are essential underpinnings of stable democratic governments and are key U.S. policy objectives in the Western Hemisphere. As in past years, FY 2007 funding requested will continue to advance those goals by promoting OAS development cooperation programs and leveraging additional contributions from member and observer states.



Specifically, the OAS Inter-American Agency for Cooperation and Development (IACD) strengthens program execution and provides a mechanism for partnerships with private sector and non-governmental entities to develop projects that promote economic and social development. This includes projects in the areas of education (including scholarships), trade (including preparing Caribbean states for the Free Trade Area of the Americas), commerce, rural development, and science and technology (including engineering and science incubators and other projects that will prepare the workforce for jobs in this field).

In response to Summit of the Americas mandates to improve the quality of education in the hemisphere, the IACD has developed teacher training programs, including programs available online through the Education Portal of the Americas. The FY 2007 funding requested will also help support implementation of 2007 Summit of Americas mandates by leveraging additional contributions from other states and the private sector.

#### *World Trade Organization (WTO) (\$950,000)*

The successful conclusion of the WTO Doha Round of trade negotiations remains a key U.S. international economic policy objective. Providing a strong trade capacity building assistance program for developing countries is essential to making progress in the Doha Round.

Ministers at the November 2001 WTO Doha Ministerial Conference underscored the importance of assisting developing countries to build trade capacity so that they might participate more fully in the WTO and the global economy. The commitment by developed countries to provide capacity building assistance was key to convincing developing countries to agree to launch the Doha Round. For this reason, the WTO established the Doha Development Agenda (DDA) Global Trust Fund to support developing countries' efforts to actively engage in WTO trade negotiations.

The WTO Global Trust Fund assists developing countries in implementing and participating in these negotiations, allowing them to further liberalize and open their trading systems. The requested FY 2007 funding for the WTO Global Trust Fund will support required technical assistance to ensure all WTO Members share in the benefits of world trade, and will be supplemented by contributions by other developed countries. The requested contribution, like previous U.S. contributions to the Fund, will assist recipient countries in understanding and adopting open and transparent rules and regulatory regimes; implementing multilateral rules (which will help boost U.S. exports); and laying the foundation for sound economic reforms that contribute to growth and stability. During the 1990's, the lowering of trade barriers contributed to five percent GDP growth annually among developing countries who were members of the WTO.

U.S. contributions to the Fund advance market-opening negotiations in the Doha Round, resulting in substantial benefits to American business, workers and consumers. During the 1990's, the lowering of trade barriers helped U.S. exports to reach approximately \$1 trillion annually, generating employment for 12 million Americans.

Successful and timely conclusion of the Doha Round will help achieve our strategic goals of further market opening, expansion of U.S. exports, and international growth and stability. Maintaining full funding for the WTO DDA Trust Fund for FY 2007 will underscore our strong commitment to the Doha Round, in particular the importance we attach to full participation of developing countries.

*International Civil Aviation Organization (ICAO) Aviation Security Fund (\$950,000)*

The ICAO Aviation Security Fund aims to strengthen aviation security worldwide by preventing terrorism and unlawful interference with civil aviation and its facilities. ICAO has established new standards for cockpit security and crew procedures. ICAO is also implementing a global harmonized blueprint for the introduction of biometric facial recognition information into passports, visas, and other machine-readable travel documents. Rapid and effective adoption of these standards worldwide will have significant benefits for the U.S. by enhancing the security of foreign aircraft entering U.S. airspace and using U.S. airports.

ICAO's security audit program monitors compliance with security standards by identifying countries that do not adhere to the standards and helping them develop and implement actions to comply. The FY 2007 request will provide funding to enable the completion of additional security audits in more countries. This contribution is consistent with U.S. advocacy within the G-8 for continued contributions for aviation security and expanded support for the AVSEC program.

*International Maritime Organization Security Programs (IMO) (\$400,000)*

Foreign ships from foreign ports enter the United States many thousands of times each year, many with cargos and/or crew members that could pose a security threat. At U.S. urging, the IMO launched a major maritime security initiative after 9/11, culminating in approval of security amendments to the International Convention for the Safety of Life at Sea (SOLAS) and an international Code for the Security of Ships and of Port Facilities, which greatly increases the security responsibilities of governments, ports, companies, and ships. These standards went into effect worldwide in 2004. Effective implementation of these standards will have significant benefits for the United States by enhancing the security of foreign vessels entering U.S. ports and by improving security of foreign ports visited by U.S. vessels.

U.S. funding requested for FY 2007 will continue to support vital IMO technical assistance, which is in high demand, to countries to help them meet and maintain the new security standards. It will also help fund IMO evaluations of flag state adherence to IMO standards under an audit program currently being implemented to enhance adherence to safety and environmental, as well as security, standards.

*United Nations Environment Program (UNEP) (\$9,524,000)*

The UNEP is the world's largest international environmental organization, and as such is the primary policy forum at which the countries of the world meet to decide how to address critical emerging environmental threats. UNEP has launched a wide range of important negotiations, such as those dealing with depletion of the ozone layer, global warming, loss of bio diversity, the trade in hazardous wastes, and pollution from persistent organic pollutants and other toxic chemicals and pesticides, providing an essential policy forum for dealing with global environmental problems that a single country or region could not address unilaterally.

UNEP also sponsors a wide range of environmental programs, many of which are important to U.S. interests. For example, UNEP's regional seas program helps to address marine pollution and protects ecosystems around the globe. Its Division of Early Warning and Assessment works to identify new global environmental problems. UNEP's Chemicals Unit has supported important work in the development of new international agreements to address emerging U.S. concerns such as mercury pollution. The Post Conflict Assessment Unit is playing a vital role in helping nations such as Afghanistan and Liberia address the environmental degradation resulting from conflicts. Other important UNEP programs include its

support for the development of strong environmental laws and regulations in developing countries, its promotion of best available environmental technologies, and its work to identify the problems associated with air pollution in Asia (the Atmospheric Brown Cloud). UNEP has joined the United States as a major partner in the “White Water to Blue Water Partnership” integrated watershed management program, and has worked closely with the United States to provide NASA LANDSAT satellite data to African governments for monitoring land use and environmental change. This FY 2007 funding request will support these important ongoing activities and provide additional resources for new work related to mercury pollution, Iraq, Indian Ocean tsunami response, and Sudan, as conditions permit.

#### *Montreal Protocol Multilateral Fund (\$19,000,000)*

Ozone depletion is a global problem, and the Montreal Protocol Multilateral Fund provides resources to developing country parties to the Protocol to support efforts to reverse the human-created damage to the ozone layer, as a result of emissions of ozone-depleting substances (ODSs). With the U.S. contribution, the Fund will help ensure that ODS phase-out schedules are met. To date, U.S. contributions have provided significant opportunities for American industries to export technologies and consulting expertise. The U.S. is a leader in ozone protection technologies and has captured a significant portion of the economic opportunities created by Multilateral Fund projects.

The Montreal Protocol on Substances that Deplete the Ozone Layer, which was ratified by the United States in 1988, protects the ozone layer by setting forth measures to control the global emissions of substances, such as chlorofluorocarbons, which deplete it. These manufactured chemicals emitted into the atmosphere have led to the destruction of the stratospheric ozone layer, permitting dangerously high levels of ultraviolet (UV) light to reach the earth's surface. Increasing UV radiation has been linked to higher rates of skin cancer, cataracts, and immunosuppression in humans and other animals, as well as harmful alterations to global ecosystems. Since the inception of the Fund, over \$1.2 billion in assistance for agreed incremental costs has been provided in over 3,500 projects to more than 120 developing countries. When fully implemented, these projects will result in the permanent elimination of over 140,000 tons of ozone depleting substances. Obligations taken on by both developed and developing countries to the Protocol are expected to bring the ozone layer back to its pre-industrial state sometime around 2050.

#### *International Conservation Programs (\$5,906,000)*

Many developing countries face the daunting challenge of improving their standard of living while at the same time preserving their natural resources. Illegal logging and related illegal trade and corruption in the forest sector, for example, are robbing governments of much needed revenue. U.S. contributions to international conservation programs help address these problems by providing the means, policy approaches, and technical expertise to assist developing countries in building their capacity to conserve and sustainably manage vital ecological and economic natural resources. In some cases, modest U.S. contributions leverage millions of dollars in project co-funding. In addition, these programs offer mechanisms for the exchange of information and new environmental technologies, which have provided valuable new market opportunities for U.S. expertise and technical know-how. These international programs include:

- The World Conservation Union (IUCN), the foremost scientific forum for the advancement of conservation and sustainable development objectives and complements the international environmental priorities of U.S. agencies.

- The International Tropical Timber Organization (ITTO), the only international forum which brings together both producing and consuming countries of tropical timber to address all aspects of the tropical timber economy, including promotion of market transparency and sustainable management of the tropical forest resource base.
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the only treaty that monitors and regulates the international trade in species that are determined by the 154 parties to be threatened with extinction within their natural range, such as elephants, rhinoceros and many crocodylia.
- The Ramsar Convention on Wetlands of International Importance (RAMSAR), the only global framework for national action and international cooperation for the conservation and wise use of wetland resources.
- The U.S.-inspired United Nations Forum on Forests (UNFF), which was established in 2000 as a subsidiary body of the Economic and Social Council (ECOSOC), with the mandate to facilitate sustainable forest management, raises the standards of other countries to U.S. levels, and enhances cooperation and coordination among the many international organizations and treaties related to forest issues.
- The United Nations Convention to Combat Desertification (UNCCD), set up to address the fundamental causes of famine and food insecurity, especially in Africa, by stimulating more effective partnership among government representatives, local communities, and NGOs, encouraging the dissemination of information derived from new technology.
- The Montreal Process Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests.
- The National Forest Program Facility of FAO, which integrates sustainable forest management into broader national policies to promote sustainable livelihoods and to build consensus among stakeholders on how to address forest issues in the context of sustainable development.

*Intergovernmental Panel on Climate Change (IPCC) / United Nations Framework Convention on Climate Change (UNFCCC) (\$5,320,000)*

The IPCC and UNFCCC are the premier international structures for scientific assessments of climate change and for multilateral cooperative efforts to address climate change. U.S. participation promotes international climate change cooperation that is science-based and consistent with U.S. environmental and economic interests.

The FY 2007 budget request for the IPCC and UNFCCC would be used to provide support to IPCC core activities and programs; the UNFCCC administrative budget for the 2006-07 biennium; voluntary contributions toward UNFCCC trust funds for developing country participation and for supplementary activities that advance U.S. interests; the Global Climate Observing System and the successor organization to the Group on Earth Observation for providing comprehensive observations for monitoring, modeling, and predicting climate variability and change; and voluntary contributions to help fund the Annex I Experts Groups, an ad hoc group related to the UNFCCC that addresses implementation issues.

U.S. participation in and support for the UNFCCC helps advance specific Administration initiatives regarding technology transfer to and capacity-building in developing countries, as well as the enhancement

of bilateral climate change cooperation. U.S. participation in and support for the IPCC helps advance specific Administration initiatives regarding climate change science and technology, including global observation systems, carbon sequestration, and climate modeling.

*United Nations Educational, Scientific and Cultural Organization (UNESCO)/International Contributions for Scientific, Educational and Cultural Activities (ICSECA) (\$1,000,000)*

World Heritage Committee (WHC) – The FY 2007 request will provide for continued U.S. participation in the WHC, which supports technical assistance to countries for the protection and related preservation of their world heritage sites, as well as emergency assistance to stabilize World Heritage sites. The funding requested also makes the U.S. eligible to serve on the WHC’s governing “Executive Committee,” a position which strengthens the U.S. ability to advance both its interests in achieving a more efficient and effective organization, and expanding assistance to developing countries to preserve their World Heritage sites. WHC members must make a payment (either on an assessed or voluntary basis) equal to at least 1% of their annual UNESCO assessment in order to be eligible to serve on the Executive Committee. In FY 2005 this totaled \$671,000.

Intergovernmental Oceanographic Commission (IOC) – For the coordination of international ocean science programs of critical interest to the U.S., ICSECA funding would continue to support the unique mandate and role of the IOC, which the U.S. supported throughout its 18 year absence from UNESCO. IOC programs support research to improve forecasts, including tsunami warnings, for the protection of life and property and also play a critical role in the President’s Earth Observation Initiative.

ICSECA funding requested will also support international science programs conducted in collaboration with the National Academies of Science and Engineering. These programs bring science, technology, and engineering know-how to bear in solving practical problems such as access to clean water and securing stable and renewable energy.

*World Meteorological Organization (WMO) Voluntary Cooperation Program (\$1,900,000)*

Since its inception in 1967, the WMO’s Voluntary Cooperation Program has provided training and equipment to help developing countries participate in WMO programs, particularly the World Weather Watch (WWW). WWW provides the framework to coordinate the exchange of weather data and information through observation, telecommunication, and processing centers operated by nations throughout the world. The result of the WWW programs is the 24-hours-per-day/7-days-a-week global exchange of vital atmospheric and oceanic data and products that give the United States and other nations the basic information needed to better forecast severe weather events; assist with critical information on natural and man-made disasters that affect life, safety, water use, and crop yields around the globe; support civil aviation; provide basic global data needs for industry and many U.S. agencies, including the Department of Defense; and monitor changes in the climate throughout the world.

*United Nations Children’s Fund (UNICEF) (\$123,000,000)*

UNICEF acts as a global champion for children and strives to ensure the survival and well being of children throughout the world. In this role it has well-developed capacities in the areas of humanitarian relief and long-term development. The success of UNICEF in addressing the needs of children and their caregivers has a direct impact on US national interests, including international security, health, education, economic prosperity, democracy and human rights, humanitarian response, and crime and drugs. The U.S. has played

a leadership role in UNICEF since its inception and continues to do so. UNICEF's previous Executive Director, Carol Bellamy (American), completed her second five-year term in April of 2005 and was replaced by former U.S. Secretary of Agriculture Ann Veneman.

UNICEF is active in 156 countries, vaccinating children, providing them nutritional supplements and safe drinking water, catalyzing national governments to invest in the health and education of future generations, and working directly with communities to give children the best start possible in life. UNICEF currently focuses on five priority areas: Immunization; Early Childhood Development; Education; HIV/AIDS; and Child Protection. UNICEF is an active U.S. partner in each of these areas, and enjoys strong relationships on technical matters with USAID, the Department of Health and Human Services' Centers for Disease Control, Peace Corps, the Department of State and others. UNICEF's strategic plan for 2006-2009, which is being developed with substantial involvement of its Executive Board members, is expected to refine and extend these priority areas, giving a welcome emphasis to child survival programs and on measuring results across all program areas.

In 2004, USAID interest in UNICEF remained focused on the basic health infrastructure of developing countries. The Child Survival Partnership was launched by UNICEF with strong USAID support. Other global efforts supported by the United States, such as the global Polio Eradication Initiative and the Roll-Back Malaria campaign, also draw heavily on the field presence, technical expertise and logistical capabilities of UNICEF. Partnerships with UNICEF extend into diverse areas including water and sanitation, protecting children affected by armed conflict, and addressing the issues around children orphaned by HIV/AIDS.

UNICEF also has a strong humanitarian response capability that it put to good use in responding to the Asian tsunami crisis. Reflecting its strong public image as an agency able to help children in need, UNICEF collected \$442 million to respond to the crisis (or 3 times its flash appeal) and was forced to stop accepting donations. Working with former Presidents Bush and Clinton, UNICEF is directing much of that funding to traditionally under served activities providing water and sanitation.

Within the UN system, UNICEF is a lead agency in pioneering reforms such as joint-programming and utilizing joint premises. UNICEF is also a leader in partnerships with civil society and the private sector. Unique among UN agencies, UNICEF receives nearly one-third of its financial support, or nearly \$500 million per year, in the form of private sector contributions. Using "goodwill ambassadors" and donations-in-kind, UNICEF has leveraged these relationships in direct support of program activities. UNICEF has also made significant progress in moving to results-based management of its operations. The 2006-2009 strategic plan for UNICEF reinforces the importance of these partnerships, and sets specific measurable targets for both its programs and its internal management. It also recognizes coordination within the UN system as an area for improvement in UNICEF's work.

Because of substantial private sector support to UNICEF and support from other governments, combined U.S. contributions from IO&P and other sources are well leveraged, and typically account for less than 20% of UNICEF's total annual budget of roughly \$1.5 billion. The close ties between the U.S. and UNICEF, as well as our active participation on the Executive Board offer a strong rebuttal of critics who question the U.S. commitment to the UN, to multilateralism and to addressing humanitarian crises and development challenges.

The centrality of the survival and well being of children to U.S. national interests of international security, health, and prosperity merit a significant investment in the mission of UNICEF. The reach and reputation of UNICEF make it an institution with a unique capability to convene and utilize events like the 2002 UN General Assembly Special Session on Children to mobilize political and economic will for investing in future generations. Strong U.S. support for core funding of UNICEF enables an institution central to our

interests, and reflective of the humanitarian spirit of the American people, to go about its important work in partnership with the world.

*United Nations Democracy Fund (UNDEF) (\$10,000,000)*

President Bush proposed the establishment of a UN Democracy Fund in his 2004 speech to the UN General Assembly. The primary purpose of this trust fund is to promote democracy throughout the world by providing assistance for projects that build and strengthen democratic institutions and facilitate democratic governance in new, emerging and consolidated democracies.

UN Secretary General Annan announced the opening of the UNDEF trust fund on July 4, 2005. An initial U.S. contribution of \$10 million was provided in FY 2005, and an additional \$7.9 million is anticipated to be provided in FY 2006. U.S. funding has spurred significant participation from a host of other nations, underscoring the growing trend of support for democracy and democratic values in all regions of the world. The FY 2007 IO&P request for the UNDEF will help the trust fund continue to ramp up to its full potential.

The UN has an important role to play in promoting democracy. The UNDEF will provide grant and in-kind assistance for projects that help develop civil society and democratic institutions. An Advisory Board will help ensure that the UNDEF does not duplicate existing UN democracy programs being implemented by other UN agencies. Rather, it will help increase overall coordination of democracy efforts and help fill a crucial funding gap for civil society organizations engaged in democratization programs.

**International Organizations and Programs**  
(\$ in thousands)

	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Request</b>
<b>International Organizations</b>			
Center for Human Settlements	149	149	400
IMO Maritime Security Programs	99	396	400
International Civil Aviation Organization	992	941	950
International Conservation Programs	6,349	5,890	5,906
International Contributions for Scientific, Educational, and Cultural Activities	837	990	1,000
International Development Law Organization	-	-	300
International Panel on Climate Change/UN Framework Convention on Climate Change	5,952	5,940	5,320
Montreal Protocol Multilateral Fund	21,328	21,285	19,000
OAS Development Assistance Programs	4,861	4,702	5,225
OAS Fund for Strengthening Democracy	2,976	2,475	2,500
Reserve to be Allocated	-	22,275	-
UN Children's Fund	124,000	125,730	123,000
UN Democracy Fund (UNDEF)	[10,000]	[7,920]	10,000
UN Development Fund for Women	1,984	3,218	950
UN Development Program	108,128	108,900	94,500
UN Environment Program	10,912	10,159	9,524
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	-	805	1,000
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,488	1,485	1,425
UN Voluntary Fund for Victims of Torture	6,944	6,517	4,750
UNIFEM Trust Fund	992	1,485	-
World Meteorological Organization	1,984	1,881	1,900
World Trade Organization	992	940	950
<b>Subtotal - International Organizations</b>	<b>300,967</b>	<b>326,163</b>	<b>289,000</b>
<b>Total</b>	<b>300,967</b>	<b>326,163</b>	<b>289,000</b>

Bracketed amounts reflect funding provided from prior year IO&P and other appropriations.



## II. REQUEST BY REGION

Africa  
East Asia and the Pacific  
Europe and Eurasia  
Near East  
South Asia  
Western Hemisphere

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# AFRICA

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**Angola**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	7,111	14,623	13,374
DA	4,990	4,468	7,544
ESF	2,726	2,970	2,500
IMET	313	396	400
NADR-HD	6,172	6,000	6,000
NADR-SALW	115	-	-
P.L. 480 Title II	29,250	-	10,000

The United States has strategic, economic, and humanitarian interests in facilitating Angola's post-war consolidation of peace and economic recovery. U.S. assistance policies and programs support Angola's progress toward a stable, multi-party democracy, sound and transparent fiscal governance and economic development, and a healthy, more productive, and increasingly prosperous population. A stable, democratic, and economically progressive Angola will have a major positive impact on the continent, and can contribute to the international fight against terrorists, drug traffickers, and organized crime. Already a major U.S. energy supplier, Angola's oil production is expected to reach to two million barrels per day by 2008. U.S. investment in Angola's energy sector calls for economic and political stability. The relatively low HIV/AIDS infection rate of 2.8 percent presents an opportunity to control the disease that is ravaging Angola's neighbors. With a large military and expressed interest in peacekeeping, Angola can potentially play a helpful role in regional stability and peacekeeping operations.

Since the end of the civil war in 2002, the Government of Angola (GRA) has slowly undertaken economic reforms and begun preparations for national elections. Despite the country's oil and mineral wealth and agricultural potential, Angola's health and social indicators are among the worst in the world. An estimated 4 million internally displaced civilians, ex-combatants, and refugees have returned to their former homes or settled permanently elsewhere in Angola. U.S. assistance is critical in ensuring the country's progress toward democracy, good governance, and prosperity.

FY 2007 Child Survival and Health (CSH) funds will improve the responsiveness of local and national health care providers by increasing capacity, promoting reform, and supporting maternal and child health (MCH) and HIV/AIDS programs to reduce morbidity and mortality. The MCH component supports activities to monitor and eradicate polio, and protect children and pregnant women from malaria. We will support the distribution of insecticide treated bed nets, indoor residual spraying, and the upgrade of institutional capabilities of the health ministry's national malaria control program, as well as a nationwide malaria monitoring and evaluation system to measure success of the President's Malaria Initiative. The HIV/AIDS component will continue prevention efforts particularly among populations with high-risk behavior and high transmission potential, expanding the number and reach of voluntary counseling and testing centers, advocating behavioral change and counseling efforts, condom distribution, and reduction of TB complications and mother-to-child transmission. CSH-funded programs have helped achieve an 11 percent increase in the use of oral hydration therapy to treat children with diarrhea, a near doubling of the percentage of children under five sleeping under a bed net, and greater access for pregnant women to prenatal care, tetanus immunizations, and safe delivery at health centers. Behavioral change and communications programs have also raised HIV/AIDS awareness among commercial sex workers and youth.

FY 2007 Development Assistance (DA) will support democratic local government capacity building and foster an environment conducive to broad-based economic growth. Programs will provide technical assistance and training to strengthen local and municipal governmental and non-governmental institutions, as well as community-based organizations, and facilitate access to and productive use of resources such as financial services and property rights for agricultural sector entrepreneurs and small and medium businesses. These programs will revitalize rural economies and improve the food security of subsistence farmers, allowing Angolans to feed themselves. Technical assistance to strengthen the regulatory and supervisory capacity of the Central Bank of Angola will enhance the operational efficiency of the financial sector and improve the enabling environment for the development of non-bank financial service providers. The United States will use a Junior Achievement approach to provide youth with hands-on experiences to prepare them for vocational training. The United States will continue to support the independent think tank at the Catholic University of Angola to increase locally produced socio-economic research and analysis and encourage more open debate. Through technical assistance and training, the United States will continue to strengthen the capacity of selected civil society organizations (CSOs) and improve the GRA's ability to respond to civil society. DA-funded programs have successfully increased public-private sector dialogue on critical socioeconomic issues such as oil revenue management, poverty reduction, HIV/AIDS, and citizenship. Microlending programs have been very successful, with higher than anticipated demand for services and repayment rates of over 96 percent.

FY 2007 Economic Support Funds (ESF) will bolster Angola's democratic transition through additional training for political parties, government institutions, local governments and communities, electoral bodies, CSOs, and the media. Funding will be used to further support the electoral process, information dissemination, and efforts to consolidate peace and reconciliation. The United States will continue to advance justice sector reform through technical assistance on case management. ESF resources will also continue to strengthen the institutional capacity of the Ministry of Finance with additional funding to the Fiscal Programming Unit project to support transparent and accountable fiscal programming. ESF training programs have fostered civil society engagement with the GRA on regulatory issues and the drafting of electoral law. The CSO election network has been effectively established in five provinces, and technical support has strengthened political parties. ESF programs have helped the Ministry of Finance to better manage and program fiscal revenues and expenditures.

Angola is one of the world's most heavily mine-affected countries. Lack of access to vulnerable populations and to arable land due to landmines continues to be one of the greatest problems facing the Angolan people, limiting the movement of humanitarian and development agencies and denying rural populations the opportunity to end their dependence on assistance. Landmine and unexploded ordnance removal saves lives and promotes economic development. U.S. assistance has helped Angola train and equip deminers to clear land for the return and reintegration of its four million former refugees and internally displaced persons (IDPs) and to promote safe access to polling places for anticipated elections. FY 2007 Non-Proliferation, Anti-terrorism, Demining, and Related Programs - Humanitarian Demining (NADR-HD) funds will be used to support continued NGO demining efforts and assist the Government of Angola in building a national humanitarian demining capability.

Funding for the International Military Education and Training (IMET) program in FY 2007 will continue to advance initiatives to raise Angolan military awareness of democracy, human rights, the rule of law, and effective civil-military relations. Training will also support maritime security efforts, and will include subject matter courses, such as leadership training. IMET will be used to provide Professional Military Education training -- e.g., Command and Staff College -- to field grade officers. Angola has been identified as a candidate for the African Contingency Operations Training and Assistance (ACOTA) Program, which will help prepare the military to respond to crises, engage in peacekeeping operations, and perform civic action.

Angola will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Angola will be used to help Angola protect and patrol its territorial waters and integrate its efforts into regional coastal security programs.

**Benin**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	7,450	7,903	8,403
DA	6,972	4,378	400
IMET	-	149	150
P.L. 480 Title II	2,600	1,190	3,000
Peace Corps	2,719	3,003	3,056

The primary U.S. interests in Benin are economic growth and development, social and environmental welfare, and global health. The strategy for addressing these interests is to support economic reform and growth, strengthen education and civil society, and improve maternal and childhood health. While small, Benin plays an outsized role as an example both of a functional democracy and an increasingly free-market economy in a region struggling to make permanent progress in these important areas of U.S. interest. It should also be commended for its active participation in peacekeeping operations in the region, and its willingness to participate in them worldwide. Benin's economy has been pressured during the past year, suffering a combination of a fall in international cotton prices and troubles with unions as various parastatals move through the privatization process. Benin has, however, qualified to compete for Millennium Challenge Account funding and the MCC Board approved a \$307 million compact with Benin in January 2006.

In FY 2007, Development Assistance (DA) will focus on building the institutional capacity of Benin's civil society. Child Survival and Health (CSH) funding will support governmental and non-governmental health institutions, HIV/AIDS prevention and family planning strategies, as well as improve school attendance and enhance child health care. Education funding promotes teacher training programs, the publication of textbooks, community participation in school management, enrollment of girls, and technical support for the Ministry of Education.

DA from the West Africa Regional Program (WARP) will help implement a comprehensive program to confront the pervasive problem of Trafficking in Persons. Professional traffickers operating in Benin send children to work in cocoa plantations in Cote d'Ivoire and Ghana, in rock quarries in Nigeria, and to work as domestic servants in Cotonou and Gabon. These traffickers often abuse the traditional practice of *vidomegon*, which involves the placing of less fortunate children in the homes of more fortunate relatives for education and welfare. In 2002, regional International Narcotics Control and Law Enforcement (INCLE) funds helped begin the process of building a repatriation center designed to assist children and other trafficked persons returning from neighboring countries. The Government of Benin has begun to reform inadequate laws and educate rural parents with the assistance of DA. The special Brigade for the Protection of Minors has also started keeping statistics of traffickers caught, tried, and convicted. The statistics already show some improvement over last year, but overall Benin has made insufficient progress in combating trafficking in persons since being placed on the Tier 2 Watch List in 2005.

In FY 2007, International Military Education and Training (IMET) funds will be used to reinforce civilian control of Benin's military and help develop a professional, non-political and well-trained military force contributing to Benin's stability and regional peacekeeping capacity. IMET courses will continue to focus on command and Staff College, civil-military relations, English language training, and technical specialty training. IMET training as well as the Peacekeeping Operations (PKO)-funded regional African Contingency Operations Training and Assistance (ACOTA) program were instrumental in Benin's ability to support peacekeeping operations in Cote d'Ivoire, Liberia, and soon the Democratic Republic of Congo.



Benin will be eligible for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA would support Benin's participation in regional peacekeeping activities. Benin also hopes to be an active participant in the Gulf of Guinea Initiative of the U.S. Navy's Maritime Partnership Program.

Benin is eligible for trade benefits under the African Growth and Opportunity Act. Although it is certified to export apparel to the United States market duty-free under the Act's apparel provision, Benin is still working to start exporting textiles to the United States. Benin also benefits from the Highly Indebted Poor Countries Initiative and receives substantial debt reduction and stabilization assistance from multilateral lending institutions.

Humanitarian assistance with the refugee burden will benefit Benin through multilateral support to the UN and Red Cross from the Migration and Refugee Assistance Account.

**Botswana**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	496	-	-
GHAI	35,544	41,000	58,000
IMET	710	693	690
Peace Corps	1,456	1,705	1,726

The primary U.S. national interests in Botswana are global/humanitarian issues and trade/investment. Botswana is well recognized for taking action to confront the HIV/AIDS epidemic. As a member of the Southern African Development Community and as an exemplary market-oriented democracy, Botswana advances regional stability and supports U. S. goals in Southern Africa. It has assisted the United States in fighting terrorism, particularly anti-terrorism financing, and is a signatory to all 12 UN anti-terrorism conventions. Botswana collaborates closely with U.S. law enforcement agencies and with the Mission, with which it operates the only International Law Enforcement Academy in Africa.

U.S. commercial efforts in Botswana focus on expanding U.S. business opportunities, increasing two-way trade with Botswana, developing local capability to combat the HIV/AIDS epidemic, and encouraging active leadership in the region. Botswana has an important role to play in regional security and conflict resolution matters. As a signatory to Article 98, Botswana will continue to receive assistance to help foster professionalism in its military.

Botswana is prosperous, especially in comparison to many of its neighbors because it has used its natural resources (diamonds) to develop the country. It “graduated” from bilateral Development Assistance (DA) programs in 1995. The income gap is wide, however, and at least 30 percent of the population lives below the poverty line. Moreover, the HIV/AIDS pandemic threatens to undo many of the nation’s social and economic gains. U.S. goals in the areas of democracy, economic development, and global issues such as the environment receive limited funding. Botswana is now approved for debt relief under the Tropical Forest Conservation Act (TFCA). Botswana qualified for textile/apparel preferences under the African Growth and Opportunity Act (AGOA) in August 2001 and in 2005 exported at least \$22.3 million in apparel to the United States.

Botswana is a focus country of the President's Emergency Plan for AIDS Relief (PEPFAR) (Emergency Plan). In FY 2007, Global HIV/AIDS Initiative (GHAI) funding will continue comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative. In addition to its major role in PEPFAR, the Centers for Disease Control conduct non-PEPFAR tuberculosis and HIV research. While some of the military HIV/AIDS programs receive PEPFAR funding, Department of Defense (DOD) also has contributed to the overall effort to combat HIV/AIDS through its Humanitarian Assistance program.

Botswana has one of the region's most professional and responsible military establishments and offers a model for civilian-military relations for the rest of the continent. Botswana has provided a venue for regional military exchanges that have fostered a spirit of regional cooperation. Through the International Military Education and Training (IMET) program, the United States seeks to expand connections with Botswana's military leaders and support their interest in strengthening both regional civil-military and military-to-military relations, as well as improve their capacity to participate meaningfully in peacekeeping operations. The FY 2007 IMET program will continue to train Botswana Defense Force (BDF) officers. Botswana is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section

516 of the Foreign Assistance Act. EDA will be used primarily to support Botswana's participation in peacekeeping operations in Africa.

## Burkina Faso

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	128	109	120
P.L. 480 Title II	14,995	14,057	21,000
Peace Corps	3,017	3,175	3,285

The primary U.S. national interest in Burkina Faso is to see that the Government of Burkina Faso (GOBF) contributes to regional stability, an area where the GOBF has improved its policies and played a constructive role over the past few years. Other interests include: promoting democracy, responding to humanitarian crises, establishing respect for human rights, speeding economic development, combating child labor, reducing poverty, and eradicating disease, including HIV/AIDS.

Burkina Faso continues to be among the poorest of African countries. The economy is dominated by subsistence agriculture. This magnifies the impact on the population's well being of the cycles of drought and desertification that have severely affected agricultural activities, population distribution and economic development. In FY 2004 - FY 2005, locust invasions caused marked crop damage in parts of the country. Only 13 percent of the land is arable and the already-poor soil is degraded by overgrazing, depletion of nutrients, and deforestation.

The Government of Burkina Faso has ratified all of the 12 international anti-terrorism conventions, making Burkina Faso one of the few countries that has met the UN's call for speedy ratification of these conventions after the tragedies of September 11, 2001.

The United States continues to support economic development and democracy through a variety of targeted resources. In FY 2005, Burkina was granted access to the benefits of the African Growth and Opportunity Act and signed an agreement to receive assistance under the Millennium Challenge Account (MCA) Threshold Program. In FY 2006, Burkina Faso was declared eligible to develop a compact for assistance under the MCA. The largest Ambassador's Self-Help Program in Africa provides grass-roots assistance in the building of schools, clinics, and water supplies; regional funds from USAID help combat the spread of HIV/AIDS; grants from the Democracy and Human Rights Fund in FY 2007 will continue to support distribution of materials in local languages on democracy, human rights, and rights under Burkinabe law.

Beginning in FY 2004, Burkina Faso showed positive steps towards supporting regional stability. In order to support these initiatives, FY 2007 International Military Education and Training (IMET) funds will provide opportunities for enhancing the professionalism of the armed forces and increasing defense cooperation between the military forces of the United States and Burkina Faso. IMET funding supports training for military officers that emphasizes civilian control of the military, respect for human rights, the role of the military in a democracy, defense resource management, English language skills, and military justice.

Burkina Faso is a member of the African Union (AU) and the Economic Community of West African States (ECOWAS), and was the fifth country in the Heavily Indebted Poor Countries Debt Reduction Initiative to reach its completion point and receive debt forgiveness.

**Burundi**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	3,093	2,669	3,080
DA	2,118	2,917	3,943
ESF	3,224	3,811	2,500
IMET	-	149	100
P.L. 480 Title II	16,501	7,778	-

The primary U.S. national interests in Burundi are safeguarding U.S. citizens and their interests; promoting peace, economic development, democratic governance, and observance of human rights; alleviating conflict-based human suffering; and preventing the outbreak of widespread communally-based violence.

In August 2005, Burundi successfully completed its transition to peace through negotiated agreement, as outlined in the Arusha Peace Accords. On February 28, 2005, Burundians overwhelmingly approved a post-transitional constitution in a popular referendum, setting the stage for local and national elections. In April 2005, Burundi's transitional government was again extended and an electoral calendar was established at a regional summit held in Uganda. In accordance with the new electoral calendar, the Burundian people voted in Commune Council direct elections on June 3, 2005 and National Assembly direct elections on July 4, 2005. An electoral college of commune and provincial councils indirectly elected Senate members on July 29, 2005. A joint session of the Congress elected Pierre Nkurunziza as President of Burundi on August 19, 2005 in a vote of 151 to 9 with one abstention, establishing the post-transition government. Finally, the Burundian people established Colline (hill) councils through direct elections on September 23, 2005.

Based on the establishment of this democratically elected government in Burundi, Section 508 restrictions on assistance were removed on October 18, 2005 and the United States can now recommence a normal assistance relationship with Burundi. In addition, the President of the United States proclaimed Burundi eligible for benefits under the African Growth and Opportunity Act (AGOA) on December 22, 2005.

The United States' diplomatic and financial support for the Burundi peace process has played a key role in securing its progress. In prior years, the United States provided Economic Support Funds (ESF) under regional programs to support the peace negotiations in Arusha, to aid conflict resolution throughout the country, and to augment the Implementation Monitoring Committee that oversees the implementation of the peace agreement. The United States also supported the United Nations peacekeeping operation in Burundi (ONUB). The UN mission helped to administer disarmament, demobilization and reintegration programs, and secure the peace.

The new democratically elected government of Burundi is launching a broad range of reconstruction projects aimed at rehabilitating the country's economic and social spheres. Burundi's nascent government must also build its own capacity to govern and administer services, particularly in the area of health care. A nation-wide disarmament and demobilization program is returning thousands of ex-combatants to their villages. As of October 23, 2005, some 17,460 adult ex-combatants, including 3,007 child soldiers had been demobilized. Approximately 67,000 refugees and displaced persons have voluntarily returned home. These returns present communities with serious economic and social challenges.

The United States will enhance the ability of Burundians to mitigate conflict over scarce natural resources, specifically by working at the community level to enable the sustainable management of natural resources, encourage the resolution of conflicts over resources, and support local reconciliation and reintegration

efforts. USAID humanitarian activities will target Burundi's most vulnerable populations through emergency relief as well as through long-term initiatives to bolster food security. Humanitarian activities will aim to increase agricultural sector productivity, mitigate conflict and support peace, protect vulnerable populations and increase food security.

The United States will also strengthen the legitimacy of Burundi's new government through activities that build the capacity of the government to engage with civil society to define and implement key reforms and create institutions to increase accountability. The effectiveness of the new government will be bolstered through activities that bring the government and civil society together to improve the provision of basic services, especially in the health and HIV/AIDS sectors. These activities will aim to improve child survival, health and nutrition, reduce transmission and impact of HIV/AIDS, strengthen civil society, and strengthen the legislative function/legal framework.

FY 2007 International Military Education and Training (IMET) programs will help promote basic democratic values and respect for human rights in Burundi's armed forces. Programs would include courses on English language training, professional military education, civil-military relations, and military justice. Burundi will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help Burundi's military reform.

**Cameroon**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	236	248	295
Peace Corps	2,827	3,028	3,043

The primary U. S. national interests in Cameroon are promoting democracy, good governance, respect for human rights, and economic development. Though Cameroon has the largest and most diverse economy in the Central African sub-region, its democratic institutions are weak, corruption remains a real problem, and human rights abuses by Cameroon’s police and gendarmes forces are a concern. Cameroon’s strategic location and improving port facilities make it ideal as a base for regional programs. Continued border tensions with neighboring Nigeria as well as illegal immigrant flows from Nigeria pose economic challenges for Cameroon and ties up a significant number of Cameroon’s military. Cameroon is a stable country in which the government has been effective in managing ethnic and linguistic diversity.

Cameroon will receive funds to deal with HIV/AIDS through the Ambassadors’ Special Funds Program implemented by USAID. This program provides grants to non-governmental organizations (NGOs) that work to prevent mother-to-child transmission of HIV/AIDS as well as to provide voluntary counseling and testing.

Cameroon is eligible to receive trade benefits under the African Growth and Opportunity Act. Cameroon is also defined as a Heavily Indebted Poor Country (HIPC), and in 2005 the IMF approved a formal program with the country to target corruption and improve the business climate. If Cameroon performs well, it may be granted further debt relief sometime toward the end of 2006.

International Military Education and Training (IMET) funds for FY 2007 will be used for professional military development courses stressing resource management, civilian-military relations, officer professionalism, and English language proficiency. The IMET program promotes positive military-to-military relationships between Cameroon and the United States, and will, along with other programs, help Cameroon realize its commitment to and participation in peacekeeping activities.

Cameroon is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA material will support Cameroon’s internal security, counter-narcotic activities, peacekeeping deployments, and military professionalization and modernization efforts.

Cameroon is one of the beneficiaries of U.S. support for the Congo Basin Forest Partnership, primarily through USAID’s Central African Regional Program for the Environment. This support, complemented by use of Africa Regional Economic Support Funds, supports Cameroon’s efforts to better manage its forest and marine natural resources.

**Cape Verde**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	181	119	145
P.L. 480 Title II	3,650	3,679	4,500
Peace Corps	1,664	1,787	1,802

Cape Verde is a model of stability and democracy in a region of instability. Supporting democracy and improving food security in this arid island nation are the principal U.S. national interests. Cape Verde has been an enthusiastic supporter of the war against terrorism and has fully cooperated in adopting anti-money-laundering measures. With almost 40 percent of its citizens living in the United States, and a significant number of U.S. citizens resident on the islands, protection of American citizens' welfare is another important interest.

After 27 years of independence, Cape Verde remains free of internal and external conflict, and its military consistently plays a constructive role in civil society. FY 2007 International Military Education and Training (IMET) funds will support officer development training programs, a low-cost investment to help ensure the continued professionalism and English language capabilities of Cape Verde's military under civilian, democratic leadership. In addition, IMET will support the establishment of a professional military police unit.

Cape Verde will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Cape Verde is interested in EDA transfers and other U.S. assistance to enhance its ability to protect its fisheries, to combat drug smuggling, and to develop a rapid reaction anti-terrorism force for the international airport (which carries direct flights to the United States). Cape Verde remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA) and is implementing a \$110 million assistance compact with the Millennium Challenge Corporation (MCC). Taking full advantage of these opportunities has and will continue to boost economic growth and provide employment opportunities in the country. The United States is also assisting Cape Verde's efforts to accede promptly to the World Trade Organization.



## Central African Republic

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	99	100
P.L. 480 Title II	428	-	-

Key U.S. interests in the Central African Republic (CAR) are democracy, economic development, conservation of natural resources and humanitarian assistance. U.S. goals include the consolidation of democratic reforms in the wake of the May 2005 elections and economic, political, and military reforms to promote democratic governance, including respect for human rights, and to prevent further instability in the CAR.

For several years the CAR has suffered from political instability and coup attempts, culminating in General Bozize seizing power in March 2003 from democratically elected President Patasse. General Bozize appointed himself President, suspended the Constitution, and dissolved the National Assembly. He appointed the consultative National Transition Council, including political parties and civil society groups, to prepare for new elections in 2005. Following a nearly two-year hiatus in resident American diplomatic presence in the country, normal operations resumed in January 2005 with the arrival of a charge d'affaires in Bangui. Bozize won what was a relatively free and fair presidential election and was inaugurated as president in June 2005. In September 2005, section 508 aid restrictions were lifted on the CAR.

Coup-related military and rebel actions have resulted in disruption of the economy, destruction of property, and a large out-flow of refugees into neighboring countries. Progress has been made in restoring order in the capital and reinstating a functioning government. However, civil unrest in response to the poor economic situation, the vulnerability of the CAR to interference from other countries, and other economic disruption resulting from the conflict continue to hinder the country's recovery. Moreover, the government has occasionally responded to continuing budgetary woes and resulting labor unrest by using its security forces to crack down on the country's free press, labor unions, and opposition party leaders, leading to human rights abuses.

CAR is defined as a Heavily Indebted Poor Country (HIPC), but it must re-engage with the International Monetary Fund (IMF) and establish a track record of good performance under a disbursing IMF program before it is eligible to receive debt relief from Paris Club creditors, including the United States, under the enhanced HIPC initiative.

The CAR receives Africa Regional ESF resources to promote democratic elections and public participation in democratic processes, and to support biodiversity conservation through the Central African Regional Program for the Environment. We envision similar programs for FY 2007. The CAR is currently not eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

In FY 2007, International Military Education and Training (IMET) programs will help promote basic democratic values and respect for human rights in the CAR's armed forces. IMET programs will include English language training, professional military education, civil/military relations, and military justice. The CAR will be eligible to receive FY 2007 Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Excess equipment will be used to help CAR meet basic troop support equipment needs, improve communications and enhance mobility.

**Chad**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	470	247	295
NADR-ATA	988	1,350	693
NADR-HD	1,000	2,200	3,000
P.L. 480 Title II	25,678	11,246	3,000
Peace Corps	1,734	1,863	1,944

U.S. interests in Chad are counter-terrorism, economic prosperity and security, environmental protection and mutual understanding, promotion of democracy, good governance and respect for human rights. Significant U.S. investment in the petroleum sector makes the recent dispute between the World Bank and Chad regarding Chad's recent, unilateral changes to its petroleum revenue management law an issue of particular USG interest.

Occupying a strategic position, Chad is vulnerable to its neighbors Libya and Sudan. U.S. assistance provides a counter-balance by promoting a stable and democratic society. Democratic institutions are developing slowly. Chad is pursuing political reconciliation with former rebel groups, and exiled opposition political leaders. Chad hosts over 200,000 refugees from the Darfur region of Sudan. It has played a key role in the international effort to meet their security and humanitarian needs and serves as mediator in peace negotiations between rebel factions and the Sudanese government. A U.S. majority-owned consortium's investment of some \$4 billion in petroleum development in southern Chad and the related Chad-Cameroon pipeline project is among the largest infrastructure projects in Sub-Saharan Africa. Additional U.S. interest arises from the Export-Import Bank's support for the project and international financial institutions' interest in assuring transparency in the allocation of oil revenues and their use to benefit local communities and protect the environment through poverty alleviation programs and project-related environmental safeguards.

Chad is eligible to receive trade benefits under the African Growth and Opportunity Act. Economic Support Funds (ESF) provided in prior years through the Africa Regional Fund and the Education for Development and Democracy Initiative supported commercial law training, educational programs for girls and reforestation.

Respect for human rights and appropriate civil/military relations will be supported through FY 2007 International Military Education and Training (IMET) programs for courses on civil-military relations, military justice, and human rights issues. The IMET program enables the United States to build important military-to-military contacts that encourage an apolitical role based on the rule of law within the Chadian military and serve as a basis for future counter-terrorism and regional peacekeeping efforts. Chad is a participant in the Trans-Sahara Counter-terrorism Initiative (TSCTI) that builds upon and expands the Pan-Sahel Initiative (PSI), which provided training and equipment to Chad along with other African countries to protect their borders, thus supporting the U.S. national security interests of waging war on terrorism and enhancing regional peace and security.

Chad is eligible to receive FY 2007 Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used to help Chad secure its borders through improved communication, mobility for its troops and troop support equipment.

FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will enable Chad to continue humanitarian demining operations that eliminate injuries and loss of life, restore land to productive use, and permit improvement of regional infrastructure, thereby advancing opportunities for economic development.

**Comoros**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	82	99	105
NADR-ATA	-	56	-

The primary U.S. national interests in the Union of Comoros are promoting democracy and strengthening our counter-terrorism cooperation. Comoros has been plagued by political instability and civil strife through numerous coups and secession attempts since independence from France in 1975. In early 2001, with the assistance of the Organization of African Unity, disputing factions crafted a framework agreement that called for a new constitution based on a confederation arrangement. In a December 2001 referendum, the electorate voted overwhelmingly in favor of the new constitution. The leader of the 1999 bloodless coup, Azali Assoumani, won the national presidential election in April 2002 in flawed but fair elections. President Azali signed a power-sharing agreement with the three island presidents in December 2003 that initiated a plan to settle power sharing disputes and should reduce the instability among the islands. In March and April 2004, a National Assembly was elected in elections international observers deemed free and fair. In October 2004, the National Assembly began working on legislation outlining the power sharing arrangements between Azali and the island presidents, which was adopted in 2005. Elections are scheduled in the first half of 2006. Under the constitution Azali is ineligible to run, as the constitution requires that the next president must come from another island. Resolution of political instability, consolidation of democratic gains and cooperation in counter-terrorism activities in the Union of Comoros are the foundation on which we will build to advance other U.S. interests in the Comoros.

The Comoros is a Muslim country with historic trade ties to the Middle East that condemned the September 11, 2001 terrorist attacks on the United States. Comoros-born Fazul Abdullah Mohammed, also known as Harun Fazul, has been indicted in U.S. court for his alleged involvement in the 1998 bombings of the United States Embassies in Dar es Salaam, Tanzania, and Nairobi, Kenya. After several months of discussions with the American Ambassador, President Azali decided to close the local offices of Saudi non-governmental organization (NGO) Al-Haramain in August 2004. On September 9, the Department of Treasury's Office of Foreign Assets Control designated the Comoros-based branch of Al-Haramain as a terrorist finance organization. On September 28, the United Nations Security Council followed suit. The closure of this organization's operations in Comoros has left a significant aid gap in that country. Proposed Africa Regional Fund ESF projects will target economic development programs and education. In September 2005, the USG opened an "American Corner" in the University of Comoros library to give young Comorians better access to American culture and values.

Re-educating military factions that have grown accustomed to participating in recurring cycles of armed insurrection is one of the greatest challenges in the Comoros. FY 2007 International Military Education and Training (IMET) programs will continue to help build a professional military that respects civilian rule. These courses include professional military education and training on civil-military relations, military justice and defense resources management. IMET training courses also will contribute to the maintenance of bilateral military-to-military relations in a predominantly Muslim country in which the United States has no resident diplomatic presence. Comoros is eligible to receive Excess Defense Articles (EDA) on a grant basis in FY 2007 under Section 516 of the Foreign Assistance Act (FAA). EDA may be used to help improve communications, mobility, and coastal security measures.

## Cote d'Ivoire

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
GHAI	25,512	30,137	47,000
IMET	-	-	50
NADR-CTF	-	300	-
NADR-TIP	-	-	50
P.L. 480 Title II	5,859	3,463	-

The primary U.S. national interests in Cote d'Ivoire remain regional and national stability. Our principal goals are disarmament, reunification of the country, which has been divided between the government-held south and rebel-held north for over three years, and national elections (to take place no later than October 2006). With a new African Union peace process underway, and a new prime minister and government in place, there is renewed hope for a negotiated solution to a conflict that has implications for regional stability as well as terrorism in West Africa. The involvement of ethnic nationals of neighboring countries and concerns for their safety has the potential to involve the entire region in the ongoing strife. Following reunification and elections, ongoing goals will remain strengthening democracy, restoring economic growth, dealing with refugees and Internally Displaced Persons (IDPs) resulting from regional instability, and combating the spread of HIV/AIDS and child trafficking. The United States will also selectively seek to more actively engage Cote d'Ivoire in the war on terrorism. Until September 2002, Cote d'Ivoire was West Africa's hub for aviation and banking, but now control of its borders is limited and oversight of its financial institutions is weak. Abidjan is host to a large community of overseas Lebanese, some of whom support organizations with terrorist links, including Hizballah.

FY 2007 International Military and Education Training (IMET) funds will be used to assist Cote d'Ivoire's transition to a more stable democracy by providing training to military officers that focuses on human rights, defense resources management, military justice, and civil-military relations. Cote d'Ivoire will also then be eligible in FY 2007 for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA will be used to support the country's efforts to secure its borders and to provide a tangible indication of our cooperative relationship.

USAID has not had a bilateral presence in Cote d'Ivoire for many years. Following the 1999 coup d'etat, legislative restrictions on assistance limited USAID options. However, Cote d'Ivoire benefits from several regional programs, including programs to combat trafficking in persons and HIV/AIDS, and humanitarian assistance programs (supporting primary health care and reproductive health, addressing gender based violence, water and sanitation projects, seeds and tools, food security monitoring, and humanitarian coordination) as well as assistance to IDPs and refugees. These programs will continue through non-governmental organizations in FY 2007.

Cote d'Ivoire remains a focus country of the President's Emergency Plan for AIDS Relief (PEPFAR). In FY 2007, Global HIV/AIDS Initiative (GHAI) funding will be provided to support comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

In December 2004, President Bush determined that Cote d'Ivoire was no longer eligible to continue receiving benefits under the African Growth and Opportunity Act (AGOA). Cote d'Ivoire had initially qualified in 2002 and was again certified as eligible in FY 2004. However, by late 2004 it was decided that

the government of Côte d'Ivoire had made insufficient progress in a number of long-standing trade and investment issues, as well as in the peace-making process.

Cote d'Ivoire is defined as a Heavily Indebted Poor Country (HIPC), but it must re-engage with the International Monetary Fund (IMF) before it is eligible to receive debt relief under the enhanced HIPC initiative.

## Democratic Republic of Congo

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	25,415	23,960	23,170
DA	16,812	10,670	11,088
ESF	4,960	4,950	5,000
IMET	196	248	220
P.L. 480 Title II	29,205	-	-

The United States has a vital interest in supporting the Democratic Republic of Congo's (DRC's) transition from conflict to stability, preventing a reversion to the widespread cross-border conflict that prevailed prior to the Global and Inclusive Agreement of December 2002, also known as the Sun City Accord. Our challenge is to help establish a functioning legitimate state through a successful democratic transition, to nurture and guide the development of democratic institutions that will extend government authority to the DRC's borders, advancing democracy and prosperity for all Congolese people. The DRC took an important step toward completing its democratic transition by holding a successful constitutional referendum December 18-19, 2005. Despite enormous logistical challenges, the Congolese Independent Electoral Commission registered almost 25 million voters out of a potential electorate of 28 million. With the overwhelming approval of the constitution, the DRC is poised for its first free presidential and parliamentary elections since 1960 and the inauguration of an elected president in June 2006. Security sector reform (SSR), and a large disarmament, demobilization, and reintegration program promise significant change for the DRC and the Great Lakes region as a whole. It is crucial that these ambitious programs be completed. Effective government control over all DRC territory, particularly the east, remains a key unrealized objective of the transition process. If stability and peace can prevail in the DRC and the Great Lakes region in general, political and economic reform can take hold and will serve to attract U.S. investment.

The United States worked closely with the international community to end "Africa's World War" which ravaged the Congo in the 1990's. Through the Kinshasa-based Committee to Accompany the Transition (CIAT), the Great Lakes Contact Group, and the UN Security Council, we have leveraged our support for the DRC's democratic transformation to maintain an influential role in the transition process. With peace, Congolese in neighboring countries, hundreds of thousands of internally-displaced persons (IDPs), and tens of thousands of demobilized combatants can return to their homes, and will require substantial assistance for successful reintegration. Returning one of Africa's largest countries to peace will require further U.S. support for the reintegration of former combatants, the return and reintegration of refugees and IDPs, the extension of central government control, national reconciliation and good governance. FY 2007 Economic Support Funds (ESF) can help DRC build the national legislative, judicial, and political institutions needed to preserve stability. FY 2007 ESF investments will also help lay the groundwork for promotion of the full range of U.S. interests in this resource-rich country.

FY 2007 International Military Education and Training (IMET) funds will provide important professional training for key Congolese officers in such areas as joint operations, military justice, human rights, and officer and non-commissioned officer professionalism. Increasing attention will be given to how these programs can most effectively support post-conflict SSR. These training programs will assist in the continued integration and professionalism in an integrated national armed forces composed of former government and rebel troops working together. IMET will also facilitate military-to-military contact and the establishment of beneficial relations and defense cooperation between the militaries of the DRC and the United States. Expanded International Military Education and Training (E-IMET) courses will focus on

professional training and development in areas of civil-military relations, the rule of law, respect for human rights and defense resources management. The U.S. funded Tripartite Plus Fusion Cell based in Kisangani to be established in January 2006 is further investment in regional security and lasting peace for the DRC. The DRC is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used to support efforts to reform and restructure the military, assist with maintaining internal security and help the DRC begin preparations to participate in peacekeeping activities in the future.

FY 2007 Child Survival and Health (CSH) funds, programmed through non-governmental channels, will support activities addressing child survival, maternal health and mortality, family planning, basic health, HIV/AIDS and other infectious diseases, as well as expand immunization coverage throughout the country. In FY 2007, Development Assistance (DA) funds will be used to support the development of sustainable democratic institutions, accountability and governance, agriculture and food security, support for the reintegration into society of victims of gender-based violence and other vulnerable populations, environmental conservation efforts, the reintegration of ex-combatants, and improvement in the quality of basic education. In addition, humanitarian non-food and food assistance will be provided to vulnerable populations within the DRC and to help support Congolese refugees outside the DRC prepare for their return and reintegration.

The President determined that the DRC was eligible to receive virtually the full range of trade benefits under the African Growth and Opportunity Act (AGOA) in late 2003, following installation of the transitional government. The DRC does not yet qualify for textile benefits, as it lacks an approved visa scheme to prevent transshipment of textiles from other countries.



**Djibouti**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	1,984	4,950	3,500
FMF	4,468	3,960	4,000
IMET	239	322	345
NADR-ATA	-	170	400
NADR-TIP	25	-	75
P.L. 480 Title II	1,512	-	-

The primary U.S. national interests in Djibouti include counter-terrorism, regional stability and promoting economic and social development, human rights and democratization. Djibouti hosts the only U.S. military base in sub-Saharan Africa with approximately 1,000 U.S. military personnel physically on the ground at the headquarters for the Combined Joint Task Force-Horn of Africa (CJTF-HOA), which directs Coalition counter-terrorism operations in several countries in East Africa and Yemen. A predominantly Muslim country (95 percent) and Arab League member, Djibouti has responded positively to U.S. requests to interdict terrorists, their supporters, and their financial resources. Djibouti is a front-line state in the war on terrorism and stands shoulder-to-shoulder with the United States and its coalition partners.

Djibouti currently hosts military forces from several counter-terrorism coalition partners, including the largest French military base outside of France, and naval contingents from Germany, Spain, and the United Kingdom. Djibouti's deep-water port enhances its usefulness to U.S. military planners. Its location at the strategic straits of Bab el Mandeb at the entrance to the Red Sea directly across the Gulf of Aden from the Arabian Peninsula affords excellent force projection features.

The Arabic language program, Radio Sawa, currently broadcasts from Djibouti to Sudan via medium wave transmitter, seven days per week. Radio Sawa also broadcasts 24 hours a day on FM in Djibouti. The Voice of America (VOA) broadcasts French and English programming 24 hours a day via an FM transmitter in Djibouti. In addition, the Broadcasting Board of Governors is close to concluding an agreement with Radio and Television Djibouti (RTD) to broadcast VOA programs in Amharic, Afar Oromo, Tigrigna and English via medium wave transmitters.

The U.S. Agency for International Development (USAID) opened a country office in Djibouti in 2003 and will use FY 2007 Economic Support Funds (ESF) to expand existing U.S. assistance programs in the areas of education, health, and democracy thus advancing existing gains in these critical areas. ESF will also be used to advance Muslim outreach efforts and assist private enterprises around the Port of Djibouti. Djibouti is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). This offers Djibouti – a low-income country almost devoid of natural resources – an opportunity to develop its trade and investment sectors to generate employment and revenue.

In order to continue our robust military relationship with Djibouti, International Military Education and Training (IMET) in FY 2007 will promote professionalism and respect for civilian rule. IMET courses will include instruction on civil-military relations, military justice, officer professionalism, defense resources management, and coastal security. Djibouti is eligible to receive Excess Defense Articles (EDA) in FY 2007 on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA such as vehicles, radios, field equipment, patrol vessels and small craft, will support counter-terrorism and other security requirements resulting from Djibouti's upgraded security profile as a front-line state in the war on terrorism.

FY 2007 Foreign Military Financing (FMF) will be used to continue programs focusing on regional security and counter-terrorism, and enhance border and coastal security. Specifically, funds will be used to provide services and support the procurement of defense articles such as vehicles, small craft and patrol vessels, communications equipment, fencing, guard towers, and night-vision goggles to enhance interoperability within the Djiboutian forces and with international partners. These funds will help Djibouti secure its borders and coastline from the increased threat of terrorism. By helping Djibouti improve its own security, these funds will also enhance force protection for Coalition forces there.

## Equatorial Guinea

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45

U.S. national interests in Equatorial Guinea (EG) include promoting democracy, good governance, human rights, economic prosperity, and energy security in the third largest oil producer in Africa. Democratic institutions are very weak. While the economy has experienced strong petroleum-based growth in recent years, fiscal discipline and transparency are lacking. In 2004, foreign mercenaries targeted Equatorial Guinea in an unsuccessful coup plot because of its oil wealth, making security a high priority for the country.

A top U.S. policy goal is to encourage the Equatorial Guinean Government's investment in the country's health and education programs. To encourage greater transparency and efficiency in the Equatorial Guinean Government's spending of energy revenues, the U.S. Agency for International Development is currently in negotiations with the government to provide technical assistance under a program that would be fully funded by the Government of Equatorial Guinea. This program would help ensure that social programs are funded and implemented in a manner that is transparent, efficient and accountable to the citizens and the EG Government.

The Equatorial Guinean Government is receiving technical assistance from the World Bank and the International Monetary Fund (IMF) to increase transparency in its fiscal management. The country's worker and human rights record is poor.

FY 2007 International Military Education and Training (IMET) programming will increase respect for civilian rule and human rights through the development of a professional military. Through coastal security training and contact between U.S. and Equato-Guinean military personnel, IMET will also support efforts to ensure regional stability and energy security by enhancing the military's ability to maintain control of its territorial waters.

Equatorial Guinea is one of the beneficiaries of U.S. support for the Congo Basin Forest Partnership, primarily through USAID's Central African Regional Program for the Environment. This support, complemented by use of Africa Regional Economic Support Funds, supports Equatorial Guinea's efforts to better manage its forest and marine natural resources.

Since December 30, 2002, the President has determined that Equatorial Guinea is ineligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

**Eritrea**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	14	-	-
DA	14	-	-
IMET	241	247	445
NADR-HD	2,800	350	400
P.L. 480 Title II	53,604	-	-

The primary U.S. national interests in Eritrea are democracy and human rights, humanitarian assistance, and counter-terrorism. The most important U.S. strategic goal is promoting regional stability through the consolidation of the Ethiopian-Eritrean peace process. The United States helped broker the Peace Agreement between Eritrea and Ethiopia following a disastrous two-year conflict that left Eritrea economically devastated and in dire need of humanitarian assistance. Nurturing recovery from the war and overcoming the deep-seated bitterness between the former combatants will require considerable diplomatic and financial support. Eritrea is a coalition partner in the war on terrorism, and has been helpful in the past, but has slowed its active cooperation due to the erroneous perception that the United States sided with Ethiopia in the border dispute.

Eritrea's position on U.S. policy on its border dispute and its troubling record on democratization and human rights will remain obstacles to improved relations. Eritrea was designated a "Country of Particular Concern" (CPC) for its lack of respect for freedom of religion. A stronger bilateral relationship with Eritrea would be advantageous to both the United States and Eritrea and is the preferred avenue we have for tackling these serious concerns.

Eritrea's deteriorating human rights and democracy performance as well as its role in the war on terrorism is taken into account in programming FY 2007 International Military Education and Training (IMET) funds. FY 2007 IMET funds will provide training on civil-military relations, military justice, officer professionalism, and human rights. IMET may also include naval and coast guard courses in support of coastal security counter-terrorism cooperation. The IMET program enables U.S. trainers to build important military-to-military contacts that strengthen the rule of law within the Eritrean military and serve as a basis for regional peacekeeping and counter-terrorism efforts.

Eritrea was eligible for African Growth and Opportunity Act (AGOA) benefits in 2002 and 2003, but lost its eligibility in December 2003 because of its poor performance.

Eritrea will be eligible to receive Excess Defense Articles (EDA) in FY 2007 on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help strengthen Eritrea's demining and counter-terrorism programs by providing such items as vehicles and field equipment.

**Ethiopia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	20,090	31,570	28,813
DA	32,616	28,910	22,810
ESF	3,960	3,960	4,000
FMF	7,050	1,980	2,000
GHAI	69,945	109,500	225,000
IMET	572	594	640
NADR-ATA	301	335	425
NADR-TIP	-	-	200
P.L. 480 Title II	330,144	14,804	12,000

Primary U.S. interests in Ethiopia include ensuring counter-terrorism support, fostering democracy and respect for human rights, supporting regional stability, promoting economic growth, and alleviating human suffering. Ethiopia is an African front-line state in the war on terrorism, supporting efforts to apprehend terrorists in Ethiopia and beyond. U.S. support (financial, diplomatic, political) is needed to keep the peace process between Ethiopia and Eritrea on track. Ethiopia's young democratic institutions are fragile and need U.S. support to grow and mature. In FY 2007, Ethiopia will receive Development Assistance (DA) from USAID, which will provide support to countries, usually fragile states, which are in transition from crisis to development. This account provides a mechanism that retains the responsiveness and flexibility of humanitarian aid, but with a focus on addressing the causes of fragility, advancing democratic governance and managing conflict in transition environments. In Ethiopia, the cycle of famine has repeated itself over the last 30 years, necessitating substantial and cyclical emergency food aid. USAID has developed a strategy to manage the transition from a largely emergency response program to one that proactively builds capacity to prevent famine by increasing capacity of the government, the private sector, nongovernmental organizations, communities and households to generate economic growth and to build a foundation for permanently reducing famine vulnerability, hunger and poverty. The Development Assistance account will complement food aid (food for work, food for relief) to support the growth of effective and sustainable markets and provide the chronically food insecure with income generation opportunities. Ethiopia is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

The Horn of Africa is a turbulent region. In addition to facing domestic challenges, Ethiopia must contend with neighbors who are emerging from civil war (Sudan), have no central government (Somalia), and have fought with Ethiopia in the past (Eritrea). Ethiopia's severe poverty, exacerbated by recurrent drought conditions, makes it difficult for the country to feed its relatively large population. Past U.S. food assistance has saved millions of lives. However, the current drought-induced food shortage in Ethiopia has left approximately 9 million people in need of food assistance in FY 2006. The long-term effects of the food crisis will continue to be felt in FY 2007.

The most important short-term goal of the United States is the demarcation of the Ethiopia-Eritrea boundary and full implementation of the peace agreement between the two antagonists. Renewed conflict would set back U.S. bilateral relations with Ethiopia, potentially endangering counter-terrorism cooperation and negatively affecting the region.

Ethiopia anchors regional organizations and programs such as the Intergovernmental Authority on Development (IGAD), the Greater Horn of Africa Initiative, the World Bank's Nile Basin Initiative, and the headquarters of the African Union. U.S. support for these organizations and activities will improve prospects for stability throughout the greater Horn and promote regional and Ethiopian economic development and democratization.

A long-term U.S. goal is to eradicate sources of terrorism in the region in order to protect U.S. national security. Ethiopia has provided outstanding cooperation in the war on terrorism. Ethiopia enhanced security for the U.S. Embassy, shut down avenues of terrorist funding, and is cooperating in the effort to counter terrorism in and emanating from Somalia. To diminish the opportunities for terrorists to exploit poverty and other societal divisions, FY 2007 Economic Support Funds (ESF) will be used to support programs on good governance and respect for human rights, anti-corruption activities, trade competitiveness, and reform of the banking and capital market systems. FY 2007 ESF will also be used for conflict mitigation programs in troubled regions of the country, such as Gambella, and to support the regional and local elections tentatively scheduled for late 2006. ESF funds will be used to help prevent trafficking in persons and to strengthen civil society and local government decentralization.

Ethiopia has a large and professional military that has provided support for the war on terrorism (including an offer of troops for the US-led effort in Afghanistan). It is the fifth largest contributor to United Nations peacekeeping missions around the world. The United States will use the African Contingency Operations Training and Assistance (ACOTA) Program, along with other military assistance funding to increase Ethiopia's capacity and willingness to participate in future peacekeeping missions. FY 2007 International Military Education and Training (IMET) funds will be used for training that will further increase the professionalism of the Ethiopian military, focusing on senior level professional military education courses (War College and Command and General Staff level schools) and instructor training to assist in the development of Ethiopia's own military training institutions. FY 2007 Foreign Military Financing (FMF) will be used to provide Ethiopia with additional equipment and spare parts to increase its counter-terrorism and peacekeeping abilities, including enhancing Ethiopia's own training capabilities, and to finance the existing vehicle and C-130 aircraft maintenance contracts. Ethiopia is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to enhance Ethiopia's ability to control its borders with Sudan and Somalia, execute humanitarian mine action operations and participate in regional peacekeeping missions.

In FY 2007, DA funding will support sustained economic growth through agricultural programs and enable private sector growth, building on programs started with DA funds. The challenges are enormous, but food security policy reforms are underway with the USG's strong encouragement. The problem of chronic food insecurity will be addressed in efforts to focus Government of Ethiopia programs on the poorest rural households, using both DA and innovative programming of P.L. 480 resources. The latter will assist micro-enterprise development at the community level, and food for education will encourage families to keep primary school-age children in school. DA funds will strengthen public finance management systems, improve the capacity of public sector managers and improve planning. Funds will also be used to improve livelihoods for pastoralists and agro-pastoralists in southern Ethiopia, and to mitigate the effects of disaster, thus promoting U.S. humanitarian interests. Twenty teacher education institutes and other programs such as in-service training for principals to improve the quality of basic education will be supported with DA in FY 2007.

FY 2007 Child Survival and Health (CSH)-funded population programs will continue to assist family planning efforts to slow Ethiopia's population growth, which at present outstrips the growth of agricultural production. CSH funds also will be used to build capacity in the health system, improve maternal nutrition using Vitamin A supplements, improve child health through breast feeding programs, immunizations and

nutritional supplements, as well as combat infectious diseases such as tuberculosis and malaria using treated bed-nets and other programs. CSH funds will also be used in conjunction with DA funds to improve emergency preparedness contingency planning at the local level and disaster mitigation. Ethiopia is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, increased Global HIV/AIDS Initiative (GHA) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs.

Ethiopia is a Heavily Indebted Poor Country (HIPC). In 2004, it qualified for debt reduction from its Paris Club creditors under the enhanced HIPC initiative, which resulted in a dramatic reduction in its external debt, including to the United States.

**Gabon**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	292	198	245
Peace Corps	1,687	-	-

U.S. national interests in Gabon are democracy, good governance, economic prosperity, the protection of American citizens, mutual understanding, and conservation of the country's rich environmental resources through responsible management and sustainable use. Bilateral military cooperation is important and enhanced through the use of Gabon as a safe haven and staging base for regional evacuations of U.S. citizens as needs arise. The United States and Gabon cooperate through combined military exercises and training, which will be strengthened since Gabon has been named eligible to participate in the African Contingency Operations Training and Assistance (ACOTA) program. Gabon has been influential in promoting regional stability through mediation of regional conflicts.

The United States seeks to strengthen Gabon's democratic institutions. President Bongo won reelection for his sixth term in November 2005 in a process marred by some irregularities. The United States will continue to support Gabon's involvement in activities to promote regional stability, including efforts to resolve conflict in Darfur, and Gabon's efforts to protect its environment while improving governance and expanding economic opportunity through projects developed in synergy with the President's Congo Basin Forest Partnership (CBFP) initiative. Gabon is one of the beneficiaries of this initiative, primarily through USAID's Central African Regional Program for the Environment. The United States is also encouraging Gabon to reform and diversify its economy as oil production declines, as well as open doors to U.S. investment and exports. We support ongoing privatization efforts. Gabon's 2004 – 2005 Stand-by Arrangement with the IMF helped promote these goals and the government is negotiating for a follow-on program with the International Monetary Fund (IMF). In June 2004, the United States participated in a Paris Club debt rescheduling of \$716 million with Gabon.

Close military cooperation enhances Gabon's role as a regional peacekeeping leader under the African Union Regional Brigade concept, and as such, Gabon became a partner in the African Contingency Operations Training and Assistance (ACOTA) program in 2005. In FY 2007, the International Military Education and Training (IMET) program will increase understanding and defense cooperation between the United States and Gabon through programs in military justice, staff training, defense resources management, military health affairs, officer and non-commissioned officer professionalism, and English language training.

In FY 2007, Gabon is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA can help support modernization of Gabon's military and participation in peacekeeping efforts; it can also help strengthen coastal security. The EDA program will reinforce the U.S.-Gabon political/military relationship, thereby reinforcing appropriate civil-military relations.

Gabon is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).



**Gambia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	190	99	120
P.L. 480 Title II	-	2,621	-
Peace Corps	1,873	2,002	1,926

The major U.S. interests in The Gambia are democracy, human rights and humanitarian concerns. The Gambia's presidential and legislative elections in 2001 and 2002 were internationally recognized as free and fair, despite some shortcomings. Recognizing The Gambia's progress in consolidating its constitutional democracy, the United States made it eligible for African Growth and Opportunity Act (AGOA) benefits. In FY 2006, The Gambia was also made eligible for the Millennium Challenge Account (MCA). The President of The Gambia, Yahya Jammeh, spoke out strongly in support of the war on terrorism and has instituted laws to block terrorist financing. The Gambia was among the first countries in Africa to sign an Article 98 agreement with the United States. However, in recent months, the Jammeh government has taken actions, such as jailing the opposition and harassing journalists, which have led the international community to question its commitment to democracy. It is in the interest of the United States to remain engaged with The Gambia to promote democratic reforms.

In FY 2007, African Regional Economic Support Funds (ESF) will be requested for The Gambia to support democratization, market-based economic reforms, and humanitarian assistance. ESF assistance will be targeted to strengthening political parties and the Independent Electoral Committee in advance of 2007 legislative elections. Work to strengthen the political opposition parties is crucial, as this election will test the sustainability of The Gambia's emerging democracy. ESF will also support efforts to maintain a strong independent media in the face of increased government pressure for censorship.

FY 2007 International Military Education and Training (IMET) funds will be used to encourage the efforts of the military leadership and the country's civilian government to return the military to its traditionally constructive role. IMET training will focus on respect for human rights and the rule of law, defense resources management, and the role of the military under civilian control. The Gambia is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA may be used to support The Gambia's participation in peacekeeping operations. Gambian troops play an important role in regional peacekeeping missions, including a company of Gambians that deployed in Darfur. Gambians have also participated in peacekeeping missions in Sierra Leone, East Timor, Kosovo, and Liberia.

The Gambia is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU). It has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries Initiative (HIPC)

**Ghana**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	18,920	18,157	18,543
DA	18,173	25,834	15,451
FMF	496	495	400
IMET	648	569	640
NADR-TIP	-	-	50
P.L. 480 Title II	17,784	21,855	25,000
Peace Corps	2,528	2,707	2,840

The principal U.S. interests in Ghana remain democracy, human rights and humanitarian concerns, particularly HIV/AIDS, and regional security. Ghana is a growing market for U.S. exports in sub-Saharan Africa and has begun to attract new U.S. investment. Its successful multi-party election in December 2004, its fourth since 1992, solidifies Ghana as a model for regional stability. Ghana continues its proud tradition of professionalism in international peacekeeping, especially in West Africa, with troops presently serving in UN Missions in Liberia and Cote d'Ivoire. Ghana's national HIV/AIDS prevalence among the adult population is 3.64 percent.

FY 2007 Child Survival and Health (CSH) funding will support activities to reduce the rate of HIV/AIDS transmission through aggressive workplace-based education of workers and employers and by training community-health non-governmental organizations (NGO's), funding mass media AIDS awareness campaigns, and distributing condoms to the most at-risk populations. Prevention of mother-to-child transmission through anti-retroviral therapy provided to pregnant mothers will be funded, as will voluntary counseling and testing services. CSH funding will also improve access to family planning services, generate demand for such services through social marketing, and improve basic public health care by placing trained nurses in local communities. Childhood immunizations, the continued development of an Integrated Disease Surveillance system, and the continued combat against malaria in concert with the Ministry of Health are also parts of the program.

FY 2007 Development Assistance (DA) funds will be used to promote fiscal reform, plan financial/exchange rate market reforms, establish commercial dispute mediation services, and promote investment-oriented regulatory reforms. DA funds will also be used to strengthen local government and parliament by tackling corruption and improving transparency by training NGOs to fulfill a "public watchdog" role. DA will continue to fund Ministry of Education efforts to improve access to and the quality of public schools. Aside from the intrinsic value of education, more children in school plays a role in preventing child labor. FY 2007 Africa Regional Economic Support Funds (ESF) will be requested to continue to strengthen democratic institutions by supporting conflict prevention, strengthening parliament, expanding women's rights and advocacy for people with disabilities.

In FY 2007, Foreign Military Financing (FMF) will support strategic interests in regional stability, counter-terrorism, democracy, and health, and expand the peacekeeping roles of the Ghanaian military in the region. To maintain Ghana's leadership in regional peacekeeping, international crime prevention, and counter-terrorist activities, the funds will be used to purchase equipment, spare parts, and maintenance support. Ghana is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. During previous fiscal years, Ghana received several surplus naval vessels under the EDA program. These vessels improved Ghana's ability to sustain regional peacekeeping operations and conduct coastal patrols to reduce smuggling and illegal fishing in its territorial waters. Shifts

in international crime patterns will mean that Ghana will need to play an increasing role in prevention. EDA can provide needed equipment to support that enhanced crime prevention role.

In FY 2007, the International Military Education and Training (IMET) program will continue to enhance the professional, technical and tactical proficiency of the Ghanaian Armed Forces through U.S. professional military education courses. IMET will focus on the continued development of effective civilian (Defense Ministry and Parliament) oversight of the military and efficient defense resource management. Furthermore, IMET enhances the capacity of the armed forces to effectively participate in peace support operations. FMF and IMET, and the African Contingency Operations Training and Assistance (ACOTA) program provides training and other crisis response assistance to contingents of the Ghanaian Armed Forces. Such training enhances Ghanaian peacekeeping support and humanitarian relief operations capacity and were crucial in providing Ghana the equipment, training, and ability to deploy a robust, professional peacekeeping unit to Cote d'Ivoire and Liberia in 2003 and to maintain that role today. Ghana's commitment to peacekeeping is evidenced by the country's establishment of the Kofi Annan International Peacekeeping Center, which is a regional training center for Economic Community of West African States (ECOWAS) peace support operations.

Because of Ghana's role in regional stability (IMET and FMF), its record of continuous Peace Corps programs and the measurable results of past Development Assistance (DA), Child Survival and Health (CSH), and Africa Regional Economic Support Funds assistance to Ghana continues to be vital to U.S. national interests.

**Guinea**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	7,050	6,748	5,471
DA	8,132	7,855	4,529
IMET	508	347	345
P.L. 480 Title II	11,676	3,023	5,500
Peace Corps	2,099	2,581	2,571

The primary U.S. national interest in Guinea continues to be the development of a smooth transition and stable democracy. Guinea was host to roughly 200,000 refugees from regional conflicts in recent years. Significant accomplishments in repatriation and integration have been realized, although the conflict in Cote d'Ivoire and gradual rebuilding efforts in Liberia and Sierra Leone continue to make Guinea's openness to humanitarian response an important aspect of its relationship with the United States. If further refugee flows arise, for example from Cote d'Ivoire, the United States will again contribute to humanitarian solutions as well as help Guinea defend its borders against aggression by its neighbors. Peace requires the expansion of democracy, good governance, respect for human rights and economic development. Guinea completed comparatively peaceful and orderly local elections in December 2005. It has publicly supported U.S. anti-terrorism initiatives and has ratified 11 United Nation conventions on terrorism.

The bilateral assistance program focuses on: 1) improving the effectiveness of agriculture, natural resources management, health, education, and democracy-focused civil society organizations (CSOs) to participate in and monitor government activities and advocate for reforms; and 2) improving the performance of targeted local and national Government of Guinea (GOG) institutions in the areas of technical capacity, service delivery, policy reform and implementation, and the prevalence of transparent and accountable management systems.

FY 2007 Development Assistance (DA) and Child Survival and Health (CSH) funds will support the liberalization of media by providing technical assistance and training to private community radio stations and investigative journalists, as well as improving radio programming in priority areas. The media will continue to play an important role in HIV/AIDS prevention. DA and CSH funds will continue to support CSOs, the anti-corruption agency, and ministries in their reform efforts to combat corruption. DA and CSH funds will also be used to strengthen the ability of CSOs to: promote governance reform and participate in and monitor the quality of education and health services, and the rational use and public access to natural resources; and advocate for the de-stigmatization of HIV/AIDS, and ending female genital cutting and child marriage. Funding will expand support to the GOG in the implementation of its Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) program.

In FY 2007, the International Military Education and Training (IMET) program will pursue its emphasis on the military's role as an institution that is accountable to the public. IMET courses will focus on civilian control of the military and respect for basic human rights, through training and seminars involving the military, civilian leaders and NGOs. In FY 2007, the program's objectives will be the establishment of a HIV/AIDS policy for the Guinean military, peer education, promotion of HIV awareness, creation of voluntary counseling and testing facilities, and behavior change in military personnel. Guinea will be eligible in 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used for basic individual soldier needs, to improve mobility, communications, and contribute to coastal and border security efforts.

Guinea has been eligible for trade benefits under the African Growth and Opportunity Act (AGOA) since 2000. Though Guinea has not attracted the private foreign investment needed to benefit substantially from AGOA, it recognizes AGOA's potential value. To retain its AGOA eligibility, Guinea will need to continue its efforts to reform the criminal justice system, institutionalize democratic advances following recent elections, and discontinue support to the Liberians United for Reconciliation and Democracy (LURD) rebel group. In addition, Guinea needs to pursue sound economic management policies, implement a poverty reduction program, and insure that investors benefit from transparent and robust rule of law.

Guinea is also defined as a Heavily Indebted Poor Country (HIPC). While performing under a formal International Monetary Fund (IMF) program, Paris Club creditors (including the United States) cancelled \$70 million of Guinea's bilateral debt in 2001 and rescheduled a further \$81 million. Due to its failure to meet the requirements, its formal IMF program expired in 2002. Guinea is currently performing weakly under an informal IMF monitored program. Satisfactory performance on this informal program is a precursor to a formal IMF program and further debt relief.

## Guinea-Bissau

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	87	99	100
NADR-HD	-	-	500

Struggling to re-emerge as a democratic society following a 1998-99 internal conflict, Guinea-Bissau has ruined infrastructure, bankrupt public finance, widely dispersed unexploded ordinance and landmines, and months of salary arrears owed to public employees. Stability in this vulnerable, fragile state is important to regional stability due to its porous borders and its historical ties to separatist groups in Senegal's Casamance region. The United States lifted Section 508 sanctions in August 2004, following the inauguration of a democratically elected Prime Minister, Carlos Domingos Gomes Junior, in May 2004. The government has steered the country towards improved relations with the international community, emergency measures to control public finances, and successful legislative elections that were held in March 2004. While moving slowly to achieve stability, promote economic development, and institutionalize recent democratic advances, Guinea-Bissau remains troubled by an outdated, bloated military; an oversized civil service with few private sector job alternatives; and a serious lack of resources and capacity in the justice sector. According to the World Bank 2003 figures, per capita income in the country is only \$150, making it one of the poorest countries in the world.

FY 2007 International Military Education and Training (IMET) funds will be used to expose military officers and their civilian counterparts to democratic values, respect for individual civil and human rights, and the rule of law. Additionally, military personnel will be taught the principles behind civilian control of military and proper civil-military relations in a democracy and how to manage defense resources. Guinea-Bissau is eligible to receive Excess Defense Articles (EDA) in FY 2007 on a grant basis under Section 516 of the Foreign Assistance Act.

Regional Economic Support Funds (ESF) and Development Assistance (DA) supported a project to train local entrepreneurs in improved techniques for cashew processing and marketing, and to help with local production of machines and equipment needed to process cashews for market. The program has significantly increased the value added from cashews and provides labor for hundreds of Bissau-Guineans. Another regional program assists refugees, displaced persons, and host communities in Guinea-Bissau. FY 2004 Africa Regional ESF was allocated to assist the parliament, an important sovereign institution re-starting its activity following its November 2002 dissolution by former President Yala.

The Ambassador's Special Self-Help fund is available to support local development projects each year. Democracy and Human Rights Fund projects for FY 2007 will improve capacity in the justice system, combat female genital mutilation, and achieve other goals.

Guinea-Bissau is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU). Discussions are currently underway with the International Monetary Fund and Paris Club donors to establish Heavily Indebted Poor Countries completion point conditions to qualify for further debt relief. While Guinea-Bissau remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA), it lacks the business expertise, strong political institutions, and technical capacity to develop AGOA-related exports.

**Kenya**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	14,600	16,840	14,611
DA	15,782	17,792	21,002
ESF	7,678	7,920	6,755
FMF	-	495	25
GHAI	116,495	175,950	285,000
IMET	139	297	45
NADR-ATA	3,484	3,168	2,938
NADR-CTF	700	100	600
NADR-EXBS	75	100	500
NADR-TIP	285	-	300
P.L. 480 Title II	45,056	16,463	12,500
Peace Corps	3,150	3,264	3,190

National security, improved governance and economic growth, reduction of disease and poverty, and promotion of human rights are the United States' principal interests in Kenya.

Kenya is the linchpin of East African stability and security. Kenyan support for the war on terrorism has been solid and wholehearted, a reflection of national values, and a recognition that Kenya has twice been a target of al Qaeda bombs, which murdered 231 Kenyans in 1998. Kenya remains a principal point of access for U.S. military and relief operations within the region. An important partner in the global war on terrorism, Kenya also demonstrates regional leadership in peacekeeping and diplomacy. There will be an increasingly close relationship with Kenya on counter terrorism (CT) initiatives as a top priority in coming years. Ongoing assistance through various channels, including Non-proliferation, Anti-Terrorism, Demining and Related Programs' (NADR) funds, Combined Joint Task Force/Horn of Africa (CJTF/HOA) activities, and military cooperation will help train Kenyan investigators and prosecutors. Training and equipment will also be possible for forces patrolling Kenya's coast and borders, and funding will help support efforts to control the flow of weapons through Kenya.

In late 2002, Kenya undertook its most important political transition in its 38 years as an independent nation. Incumbent President Daniel arap Moi stepped down to allow his successor, former opposition leader Mwai Kibaki, who was chosen in multiparty elections, to assume the presidency. This democratic transition proceeded freely, fairly, and without significant violence, strengthening liberty and human rights for Kenya's 30 million people. The United States is working closely with the GOK as it attempts to consolidate these gains and safeguard its fragile democracy for the future.

Kenya remains the engine of East African economic growth, despite a recent history of economic stagnation and corruption, and is the region's transportation and communications hub. President Kibaki and his cabinet campaigned on a public commitment to improve governance, essential to allow renewed economic growth. The Kenyan government has fallen short of this commitment, including backsliding on corruption over the past year. The United States and other donors are nonetheless committed to assist in efforts to improve governance. Kenya is eligible for assistance under the Millennium Challenge Account threshold program and the United States is working with Kenya to develop a proposal that will support Kenya to improve performance in governance and accountability.

Two of the great challenges facing President Kibaki and the GOK are changing a pattern of governance in which public office has been primarily used for private gain and improving a stagnant economy that falls far short of fully utilizing Kenya's potential. The United States will undertake a higher level of engagement to assist the Kenyan leadership in meeting these challenges. FY 2007 Development Assistance (DA) will be provided in the form of technical assistance and capacity-building grants to local non-governmental organizations (NGOs) to increase the effectiveness of private sector and civil society organizations, enhance the independence of the parliament, and continue to promote a transparent and competitive electoral process. Kenyans participate actively in the democratic debate. During a 2005 national referendum, Kenyans defeated a proposed new constitution after vigorous national debate.

Kenya is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Sustained IMET funding and continued access to FMF funds for the provision of equipment would enhance Kenya's ability to protect its borders and coast from terrorists. FY 2007 FMF funding will be used to enhance Kenya's capability and confidence to participate effectively in peacekeeping operations through the provision of equipment and training. Kenya will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment received under this program will be used to build upon Kenya's existing peacekeeping and counter terrorism capabilities. The United States will also help improve Kenya's capabilities in disaster preparedness and response.

Kenya is among the United Nations' top troop-contributing nations and does not shy away from difficult assignments such as operations in Sierra Leone or the Democratic Republic of Congo. Kenya receives training and assistance as an African Contingency Operations Training and Assistance (ACOTA) partner. Assistance will support multinational peace support exercises at the brigade level between Kenyan headquarters staffs and third-country battalion staffs. These training events test and reinforce interoperability and commonality in a multinational context. They also engage key officials from sub-regional organizations, paving the way for much more effective integration of political peace support mandates and military operations to achieve the objectives set out by the mandates.

As Kenya continues to add jobs using the benefits of the African Growth and Opportunity Act (AGOA), the United States will continue its work to help the Kenyan people achieve greater rates of economic growth and overcome disease and poverty. Successful DA and Child Survival and Health (CSH)-funded operations to fight disease, improve child health, and reduce fertility rates will continue, as will efforts to promote increased rural household incomes for agricultural smallholders and micro-entrepreneurs. Previous work in these fields has already reduced child mortality, fertility rates, and rural poverty. Growth of rural incomes will be encouraged through improvements in productivity (including use of agricultural biotechnology), market access, and private sector management of key commodities. DA will also be used for improving natural resource management to protect Kenya's wildlife and the important tourism industry that wildlife attracts. Economic Support Funds (ESF) will support development activities in predominantly Muslim Northeast and Coast Provinces, to counteract the presence of extremist ideologies in these regions. All these programs will provide technical assistance as well as grants to local NGOs to build capacity and will not support GOK activities. DA funds will support increased access to quality primary education for children from marginalized populations in the Northeast and Coast Provinces and raise their enrollment rates.



**Lesotho**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
Peace Corps	2,642	2,507	2,562

The priority U.S. interests in Lesotho are helping Lesotho combat HIV/AIDS, fostering economic development and advancing democratization. Assisting Lesotho in its efforts to address the HIV/AIDS crisis, improve its economy, and strengthen its democratic foundations will serve to enhance regional security and lay the groundwork for continued national and regional economic stability. The United States is also working to address food security in Lesotho; the United States is the largest single donor of humanitarian food assistance to Lesotho.

The HIV/AIDS crisis poses a serious threat to Lesotho's social, political, and economic future. Through USAID's Regional HIV/AIDS Program Office in Pretoria, the USG provides funding for public awareness, educational activities, and voluntary counseling and testing, building capacity in the relevant ministries. USAID seeks to extend programs with additional funding. The Department of Defense also offers assistance to the Lesotho military in the fight against HIV/AIDS through its Department of Defense HIV/AIDS Prevention Program (DHAPP), including more than \$105,000 worth of equipment and supplies in FY 2005. AIDS orphans and girls from economically and socially disadvantaged homes are being helped in Lesotho through the USAID-implemented Presidential Education Initiative with scholarships to attend school. Lesotho benefits from regional Child Survival and Health (CSH) funds. These funds provide technical assistance to strengthen the ability of non-governmental organizations and the private sector to respond to increased demand for HIV/AIDS information and services, with a particular emphasis on high-traffic corridors.

Lesotho qualified to compete for Millennium Challenge Account funding and is in the process of developing compact proposals. Lesotho qualified for trade benefits under the African Growth and Opportunity Act (AGOA) in April 2001 and has met annual eligibility criteria each year since. Phenomenal growth in the textile industry resulted in an increase of employment in the industry, making the country the largest sub-Saharan exporter of garments to the United States under AGOA. Lesotho's dependence on one export product, textiles, dominated by one market destination, the United States, renders it vulnerable to changes in international trade regimes. For example, the end of the Multi-Fiber Agreement (MFA) increased competition from China, reducing production and causing a reduction in employment from 50,000 people to approximately 42,000 by the end of 2005. Efforts are underway to increase Lesotho's competitiveness through diversification under AGOA, and moving to high end products for American niche markets. Lesotho is a member of the Southern Africa Customs Union (SACU), which is currently negotiating a Free Trade Agreement with the United States, and of the Southern African Development Community (SADC). A Lesotho Trade Mission visited several states in the United States in 2005 to explore expanding trade opportunities related to its textile industry.

Through various programs, the USG assists Lesotho's consolidation of democracy. Recent local elections increased the participation of women in the legislature by one third. Various Lesotho law enforcement agencies/organizations including the Lesotho Mounted Police Service, the Lesotho Revenue Authority (LRA) and the Directorate on Corruption and Economic Offenses (DCEO) have sent officials to various courses offered by the International Law Enforcement Academy (ILEA).

A stable military is an important element in Lesotho's democratic development, and we maintain an interest in its professionalization. International Military Education and Training (IMET) will support education that

emphasizes leadership, management, civil-military relations, and human rights training. Training and equipment to assist the Lesotho Defense Force (LDF) in combating HIV/AIDS have been provided under the DOD HIV/AIDS Prevention Program. Lesotho sends both civilian and military participants to the African Center for Strategic Studies programs each year.

**Liberia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	3,971	3,164	3,001
DA	6,854	23,926	29,499
ESF	24,800	42,719	40,000
FMF	2,976	1,980	1,600
IMET	-	198	245
INCLE	5,000	990	800
P.L. 480 Title II	22,550	5,960	-
PKO	-	-	14,800

The United States is playing a leading role in helping Liberia's successful recovery from almost 20 years of civil war that uprooted close to half its population, generations of corruption, and a near-total absence of government services and of respect for human rights and the rule of law. With the inauguration of Africa's first elected female head of state, Ellen Johnson Sirleaf, after free and fair elections in October and November 2005, Economic Support Funds (ESF) will continue to support fundamental needs in a country that can serve as a model for promoting democratic, free-market reforms and U.S. influence in Africa. The needs will include the continued reintegration of child soldiers and other former combatants into society; judicial and rule of law programs; education and literacy; customs, tax, auditing, and budgetary reforms; aviation safety; privatization of Liberia's parastatals and utilities; development of a private sector through microcredit grants and loan programs; a World Trade Organization compatible (WTO) trade and investment framework; and sustainable and transparent management of natural resources, including forest management under the President's Initiative Against Illegal Logging. Substantial progress in these areas ultimately could lead to Liberia's accession to benefits under the African Growth and Opportunity Act (AGOA).

The United States is supporting UN peacekeeping operations, and efforts to establish an effective Liberian government and to restore Liberia's capacity to provide for its own security. We are assisting the Government of Liberia (GOL) in reforming the Liberian military to become an effective civilian-led force, with the capacity to secure the country's borders and to interdict arms traffickers and regional paramilitaries. Liberia has only minimal law enforcement and military infrastructure, and has little capability to control its borders or to enforce customs and other laws. Its alluvial diamond fields and forests have attracted significant illicit commercial activity. Development of a credible, competent police force will be a priority and will help restore civil order, promote the rule of law, and improve public confidence in government. International Narcotics Control and Law Enforcement (INCLE) funds will be used to continue to assist Liberia's development of a credible and competent police force and functioning judicial institutions.

Following two decades of civil strife, the transitional government has made the creation of a professional, apolitical military one of the cornerstones for building a stable and democratic Liberia. Standing up a reformed and professional Armed Forces of Liberia is part of the exit strategy for the U.N. Mission in Liberia. The USG will use Peacekeeping Operations (PKO) and Foreign Military Financing (FMF) funds to support security sector reform (SSR) to ensure a successful transition to a professional and capable military. PKO will support the restructuring of Liberian ground forces by providing equipment, training, and infrastructure needs. Expanded PKO will allow support for naval and coastal units. FMF will provide technical assistance by U.S. military trainers and other assistance to complement the PKO-funded SSR efforts. To support SSR efforts, the International Military Education and Training (IMET) program will

help to build professionalism in the military and reinforce democratic values as well as focus on civil-military relations, defense resource management, and military justice. Liberia is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

In FY 2007, Development Assistance (DA) funds will be used to expand community-focused, post-war rehabilitation and reconstruction activities. In addition to programs that encourage ex-combatants and other war-affected persons to return to their communities of origin, these war-affected persons will receive training in agriculture, masonry, roof tiling, and business skills. The U.S. will expand activities to diversify crops and increase market access; train newly elected government officials; and establish a leadership development program for college and post-graduate training to fill the vacuum left by years of war and corruption. We will continue to strengthen civil society organizations, with an added focus on business associations that can advocate for an enabling environment for private sector development. The U.S. will work to improve the quality of basic education in a country of 85 percent illiteracy by providing equipment, textbooks, and technical assistance to the Education Ministry thus building the education system's capacity to provide in-service teacher training, develop curriculum, and improve access for all students.

In FY 2007, Child Survival and Health (CSH) funds will be used to expand primary and reproductive health care activities in targeted communities; expand its efforts to combat HIV/AIDS; further address the institutional strengthening of Liberian non-governmental organizations and county health teams in organizational development; and continue to expand support for the development of in-service training for health care personnel.

In FY 2007, Migration and Refugee Assistance funds will be used to support ongoing refugee repatriation and reintegration assistance to returnees and return communities in sectors such as health, education, child protection/family reunification, micro-enterprise development, and gender-based violence through multilateral support to the UN and Red Cross, and bilateral support to non-governmental partners.

International Disaster and Famine Assistance funds appropriated by the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan in FY 2004 (IDFA-SUP) targeted relief, resettlement, education, and community revitalization programs for Liberian refugees, internally displaced persons, ex-combatants, and women and children associated with the fighters. These funds also provided support for the October 2005 presidential and legislative elections, Treasury Department advisors in building an accountable and transparent budget and revenue process, forest management, and police and criminal judicial training and assistance, including anti-corruption and rule of law programs. In addition, these monies are leveraging debt relief and grants from the African Development Bank, developing smallholder agriculture, monitoring and combating HIV/AIDS, and supporting the initial phase of developing a professional and apolitical military.

## Madagascar

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	13,315	11,526	11,479
DA	9,424	9,966	8,129
IMET	253	198	225
NADR-ATA	-	56	-
P.L. 480 Title II	10,528	14,063	18,000
Peace Corps	2,244	2,203	2,173

The United States' principal interests in Madagascar are the promotion of democracy, the encouragement of economic growth and development and the protection of Madagascar's unique biodiversity. In addition, we seek to help Madagascar limit the spread of HIV/AIDS. The Government of Madagascar has supported the war on terrorism through law enforcement cooperation and the implementation of financial sector counter-terrorism measures.

The United States will continue to work with Madagascar to support its developing democracy. Although the disputed December 15, 2001 presidential election plunged the country into chaos in the first half of 2002, Madagascar held free, fair and highly participatory legislative elections in January 2003 with the financial support of the United States and other donor countries. Those elections cemented the democratic credentials of the administration of President Marc Ravalomanana, whom Madagascar's courts had declared the winner of the disputed 2001 election.

The Government of Madagascar (GOM) has moved ahead to improve governance, repair infrastructure and implement an ambitious poverty reduction strategy. The GOM's pro-business stance is reflected in steps taken to reform its commercial law and private investment continues to grow. The GOM projects GDP growth in 2005 to be in excess of seven percent. The United States approved Madagascar for benefits under the African Growth and Opportunity Act (AGOA). Driven by the availability of AGOA benefits, Madagascar has been successful in adding jobs and investment. FY 2007 Development Assistance (DA) will foster agricultural and trade development. DA funding also will be used to promote democracy and help the Malagasy government's anti-corruption efforts. U.S. public diplomacy programs will complement efforts for the consolidation of democratic institutions.

The fourth largest island in the world, Madagascar has a unique environment. FY 2007 DA-funded environmental programs will assist Madagascar in guarding its precious and rare biodiversity and in implementing sustainable and responsible natural resource management, particularly forest management. With U.S. assistance, Madagascar has increased protection of endangered species and forested areas. Previous U.S. funding helped to protect the environment of Madagascar by protecting forestland from over-development, which led to further development of national parks. FY 2007 funds will be used to continue these efforts and consolidate the gains already made.

FY 2007 Child Survival and Health (CSH) assistance in the health, nutrition, and population sectors will be used to improve the quality of life for assisted Malagasy populations, promote child survival, increase contraceptive prevalence, improve food security and limit the spread of sexually transmitted diseases, HIV/AIDS, and other infectious diseases.

Madagascar is also a Heavily Indebted Poor Country (HIPC). In 2004, it qualified for debt reduction from its Paris Club creditors under the enhanced HIPC initiative, which will result in a significant reduction in its

external debt, including to the United States. The U.S. implemented its debt reduction agreement in early 2005. Madagascar was also among the first sixteen countries to achieve eligibility for Millennium Challenge Account (MCA) funding. On April 18, 2005, the Government of Madagascar and the Millennium Challenge Corporation (MCC) signed a four-year compact in the amount of \$110 million. The funding aims to increase competition in the financial sector, enhance agricultural production technologies and improve the country's land titling system.

U.S. strategy for consolidating democracy includes enhancing the professionalism of the Malagasy military forces through International Military Education and Training (IMET) programs. FY 2007 IMET funds will provide courses on civil-military relations, coastal security, military justice, officer professionalism, and defense resources management. Madagascar is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will support Madagascar's counter-drug maritime activities, counter-terrorism efforts and coastal security operations.

**Malawi**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	21,425	21,125	21,060
DA	17,523	10,352	8,716
IMET	362	347	355
NADR-ATA	-	118	-
P.L. 480 Title II	10,288	8,103	14,500
Peace Corps	2,222	2,400	2,429

Economic growth, governance, and humanitarian assistance, especially to combat HIV/AIDS, are our primary goals in Malawi. Since the election of a reformist administration in May 2004, Malawi is working its way back to fiscal responsibility and macroeconomic stability. These efforts and President Mutharika's anti-corruption campaign earned Malawi designation as a Millennium Challenge Account threshold country. Malawi continues to suffer from a lack of fiscal resources and a devastating HIV/AIDS epidemic. By helping the government address these problems, the United States will help to strengthen democracy, enhance regional stability, and encourage economic development and trade/investment opportunities, thereby advancing U.S. global interests.

Malawi has been a strong supporter in counter-terrorism efforts. The Government of Malawi has been outspoken in its condemnation of terrorism aimed against the United States and other democratic nations. Malawi has cooperated with the United States in coordinating anti-terrorism activities.

FY 2007 Development Assistance (DA) funds will support activities that promote long-term agricultural productivity, including sustainable land use management, crop diversity, and expanded rural employment opportunities. DA funds will support development of Malawi's primary education infrastructure by focusing on improving teaching skills, community involvement, and management, planning, and resource allocation. DA funds will also support anti-corruption efforts in the private sector, complementing and leveraging the Millennium Challenge Account Threshold Country Plan for Malawi. USAID will also support the development of a private sector code of ethics and a rating system intended to contribute to a cleaner, more transparent business environment.

FY 2007 Child Survival and Health (CSH) funds will support efforts to reduce the transmission and mitigation of HIV infections, reduce infant and child mortality, and increase the rate of contraceptive use. Programs to improve detection, treatment and prevention of malaria and tuberculosis and community child health interventions will also receive support, as will activities focusing on training, service provision, logistics and management systems for family planning and reproductive health. CSH funds will also continue to support an HIV/AIDS mitigation Life Skills Curriculum in the school system.

Malawi has been pro-active in seeking assistance from the United States in expanding its role in peacekeeping efforts throughout the region and the world. FY 2007 International Military Education and Training (IMET) will build on the Malawi military's tradition of apolitical professionalism and enhance regional stability by focusing on democratic values and mutually beneficial military-to-military relations. Malawi military personnel will receive training in finance, medical care, HIV/AIDS prevention, and other military professional training. Malawi is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will help develop Malawi's capacity to support peacekeeping activities.

Malawi has been a participant in the African Growth and Opportunity Act since it was declared eligible for the program in September 2000. Malawi is a member of the Southern African Development Community.



**Mali**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	16,705	16,529	15,893
DA	20,669	14,581	16,932
IMET	-	49	45
NADR-ATA	1,249	1,505	954
P.L. 480 Title II	667	-	-
Peace Corps	3,623	3,819	3,880

The primary U.S. national interests in Mali are promoting the consolidation of democratic institutions and helping the national government reduce the effects of poverty and prevent the spread of HIV/AIDS. Other interests include support for sustainable regional stability and support for Mali's efforts to prevent terrorists from using its territory for safe haven and fundraising. Mali is an active partner in the war against terrorism and has ratified all of the UN counter-terrorism conventions.

Mali is a model for democracy in the region and an active member in regional organizations such as the Economic Community of West African States (ECOWAS) and the African Union (AU). Mali has a close relationship with the USG and supports U.S. interests in the region. Mali is a beneficiary of the Heavily Indebted Poor Countries Debt Reduction Initiative and the Africa Trade and Investment Policy Program.

FY 2007 Child Survival and Health (CSH) and Development Assistance (DA) funding will help the Government of Mali expand economic opportunities, particularly for the rural poor; provide high impact health services to women and children; combat HIV/AIDS; improve the quality of education for all; consolidate democracy through decentralization; and accelerate overall development by making information more widely accessible through expanded rural radio. The U.S. National Institutes of Health continues to research and test an anti-malarial vaccine in Mali.

DA funds will be used to help integrate the northern ethnic groups into Mali's political, economic and social structures, improving national cohesion. In northern Mali, DA will also be used to develop income-generating activities, build schools, and establish or renovate water resources. The DA program will continue to fund efforts to improve agricultural efficiency and to increase farmer incomes through agricultural best practices and better management, especially of irrigated agriculture.

FY 2007 International Military Education and Training (IMET) funding will be used for a program to reinforce progress towards professionalization of the Malian Armed Forces through training and seminars. It will also promote respect for and understanding of the requirement to support human rights and civilian control of the military. Over the past decade, Malian Armed Forces have evolved from an instrument of government control to a professional organization and many IMET graduates hold high positions in their ministries and the armed services.

Mali is a participant in the Trans-Sahara Counter-Terrorism Initiative (TSCTI) designed to provide a regional response to terrorism by offering a balanced program of military assistance, intel sharing, democratization and good governance support, and humanitarian aid.

In FY 2007, Mali will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Mali's ability to control its borders, combat terrorism and undertake peacekeeping operations.

Mali is eligible for benefits under the African Growth and Opportunity Act (AGOA). Its government is supportive of the economic reforms needed to attract the investment required to realize significant benefits from greater trade access to the U.S. market afforded by AGOA.

Mali is also eligible to compete for funding under the Millennium Challenge Account.

## Mauritania

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	112	129	130
NADR-ATA	1,483	500	345
P.L. 480 Title II	13,638	1,328	5,000
Peace Corps	2,315	2,443	2,449

Primary U.S. national interests in Mauritania are promoting a timely democratic transition after the military coup on August 3, 2005, and advancing the Global War on Terrorism (GWOT). Mauritania has been a strong supporter of the Middle East Peace Process (MEPP) and is the only Arab League country that maintains an ambassador in Israel. After September 11, the Mauritanian government immediately condemned the attacks and agreed to block all terrorist-related financial assets. Mauritania has also supported the war on terrorism diplomatically by playing a moderating role in the Organization of the Islamic Conference (OIC), where it refused to link the attacks to the MEPP. Mauritania was the first African country to sign and ratify an Article 98 agreement with the United States. The military government has declared its desire for close relations with the United States and continued cooperation on counterterrorism.

The USG, as a matter of policy, suspended most non-humanitarian assistance to Mauritania after the coup. With the exception of counterterrorism programs deemed to be of immediate and vital interest to the United States, this assistance will likely remain suspended until elections are held and a credibly elected civilian government assumes power.

Besides counter-terrorism, assistance to Mauritania supports other U.S. foreign policy goals, including democratization, respect for human rights, poverty alleviation, health, education, and pursuit of sound, market-based economic policies. Humanitarian programs will continue and democratization programs will support a democratic transition and our counter-terrorisms goals.

In FY 2007, the International Military Education and Training (IMET) program will serve U.S. interests by encouraging military support for a democratically elected civilian government and respect for human rights. IMET courses will include instruction on civil-military relations, military justice, officer professionalism, defense resources management, counter-terrorism and coastal/border security. Mauritania will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be furnished to assist Mauritania in providing support in the war on terrorism.

Although there is no USAID mission in Mauritania, there are still several USAID-funded activities taking place there, such as a continuing Food for Peace project that targets malnourished women and children, micro-enterprise development programs that focus on water access development, and HIV/AIDS awareness and education programs targeted at women and girls.

Mauritania was eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) but took little advantage of this law prior to the August 2005 coup. After the coup, Mauritania lost its AGOA eligibility.

**Mauritius**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	137	124	145
NADR-ATA	479	1,324	345

The United States' principal national interest in Mauritius is economic: expanding trade and commerce. The United States also has a strong interest in obtaining Mauritius' continued support of counter-terrorism initiatives. Mauritius is a stable, multi-party democracy that boasts a multi-ethnic, multi-lingual, and multi-cultural population. It has a vibrant economy spanning agricultural, manufacturing, financial services and tourism sectors with a burgeoning information technology component. Mauritius provides employment, educational, and health care benefits for its people.

Mauritius has consistently supported the U.S.-led coalition in the war on terrorism. It passed counter-terrorism legislation consistent with U.N. Security Council Resolution 1373 and has responded positively to U.S. requests for financial interdiction of terrorist resources. With the support of the Department of Treasury's Financial Center, Mauritius established a Financial Intelligence Unit and is scheduled to receive additional financial interdiction and detection training.

Mauritius is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). Its well-developed export-processing zone allowed Mauritius to take early and full advantage of AGOA. In November 2004, Mauritius received a one-year Third Country Fabric exemption under AGOA. Mauritius has sought, unsuccessfully thus far, an extension of that exemption into 2006 and stands to lose some textiles market share as a result. Mauritius has the capability to help other African countries realize the same benefits and advantages. It has already begun to outsource and invest in other African countries. In January 2005, Mauritius hosted the Small Island Developing States (SIDS) Conference at which actions in support of the sustainable development of the SIDS were discussed.

U.S. national security is enhanced through the creation of a stable and secure Indian Ocean region. In FY 2007, International Military Education and Training (IMET) funds will provide courses for Mauritius armed forces including officer professionalism, organizational planning, coastal security, and integrated force management. Past courses featured maritime law enforcement training, crisis management, military justice, fisheries protection, and pollution control as well as search-and-rescue operations.

Mauritius will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA to Mauritius will support its coastal security activities.

## Mozambique

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	13,430	17,361	15,929
DA	17,435	12,307	13,403
GHAI	48,434	79,600	124,000
IMET	220	213	215
NADR-HD	2,336	1,900	1,000
P.L. 480 Title II	8,850	7,816	19,000
Peace Corps	2,349	2,345	2,367

The United States is deeply engaged with Mozambique, with emphasis on economic development, HIV/AIDS, and good governance. Mozambique is an increasingly important partner on regional security issues and in the war against terrorism.

Mozambique has enjoyed rapid economic growth for over a decade as it recovered from the devastation of the long civil war. Mozambique's successful transition since the end of its civil war is reflected in the country's ability to sustain strong levels of economic growth, including GDP growth of 7.2 percent in 2004 and 7.7 percent in 2005. Mozambique's greatest medium-to-long term economic development challenge is to diversify the economy in order to attract investment, especially in labor intensive export sectors. With a trade-weighted average tariff of nine percent, the economy is one of the most open in Africa. Without structural reform that creates an environment in which it is possible to complete, however, investors and business will not be able to take full advantage of the global marketplace.

To improve the business climate and attract investment, Development Assistance (DA) funds would be used to: (1) increase international market access for Mozambican products; (2) enhance Mozambique's competitiveness by reducing the cost of doing business; and (3) increase exports in specific sectors such as tourism, and potentially wood and horticulture. These activities would improve the country's trade policies, create a more supportive enabling environment, and directly increase exports in target sectors.

The Mission is united in the fight against HIV/AIDS. Although the estimated HIV prevalence rate of around 16 percent is still below those of neighboring countries, Mozambique is in the early stages of the epidemic, and national leaders fear the worst is yet to come as increasing development and mobility spread the disease. The Mission is building on the Mozambican government's political commitment to check the spread of the disease. Mozambique is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

FY 2007 Child Survival and Health (CSH) funds would be used to improve child survival, health and nutrition by focusing on maternal and child survival, immunization, malaria, nutrition, and diarrheal disease; preventing and controlling infectious diseases, especially malaria if Mozambique is included in the President's Malaria Initiative in FY 2007; and supporting family planning programs by procurement of contraceptives and providing training and technical assistance for family planning.

Support for democracy is a top U.S. priority. The Mission's municipal governance program creates models of democratic governance in selected municipalities and strengthens Mozambique's anti-corruption efforts

at the local and national levels in selected sectors. These results are being accomplished with technical assistance and training to democratically elected municipal officials, civil servants, and civil society organizations to: (1) ensure that government decision-making is more transparent and elected officials are increasingly more accountable to citizens; (2) increase civic action and participation in municipal planning and development; (3) foster a more ethical and effective civil service; and (4) reduce corruption. By building the skills of municipal officials and creating opportunities for civil society to partner with government, the Mission is demonstrating the value of democratic governance, citizen empowerment, and citizen participation.

The Mission seeks to use Economic Support Funds to support election observers and civic education for the 2007 provincial elections and the 2008 municipal elections. In addition, the Mission seeks to use International Narcotics and Law Enforcement (INL) and DA funds to support expansion and training of Mozambique's Central Office to Combat Corruption.

Porous borders, corruption, weak law enforcement and judicial institutions, and a significant Muslim minority mean that Mozambique could become a transit country for terrorists or even the location of a terrorist attack against U.S. interests. Forming a backdrop to the terrorist threat is the presence of organized crime, including money laundering and trafficking in narcotics, persons and arms. The Mission will work to build the capacity of Mozambican authorities to detect and deter terrorist activity.

Non-proliferation, Anti-terrorism, Demining and Related Programs – Humanitarian Demining (NADR-HD) funds support Mozambican efforts to open land and infrastructure for development and to build Mozambique's capacity to provide demining expertise in other mined areas. A reduction in funding levels from previous years reflects the anticipated completion of ongoing efforts.

The FY 2007 International Military Education and Training (IMET) program will provide professional training, emphasizing the necessity of an apolitical, professional, civilian-controlled military. IMET education and training will continue to build in-country English language training to support the military's ability to participate in regional peacekeeping operations and enhance Mozambique's ability to patrol its maritime borders through maritime law enforcement instruction. Mozambique is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used primarily to support Mozambique's participation in peacekeeping operations in Africa.

**Namibia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	796	1,168	1,180
DA	6,602	6,179	5,275
GHAI	37,461	51,500	73,000
IMET	-	49	45
NADR-ATA	37	-	-
Peace Corps	2,507	2,650	2,674

The primary U.S. national interests in Namibia are helping the country fight HIV/AIDS, advancing economic development and trade, and consolidating democracy. Independent for only fifteen years, Namibia is one of Africa's most stable democracies and has one of its most open and promising economies. Successfully addressing the HIV/AIDS crisis and accelerating Namibia's political, economic, and social progress would enhance regional stability and thereby advance U.S. global interests.

Namibia is a focus country under the President's Emergency Plan for AIDS Relief (Emergency Plan). Global HIV/AIDS Initiative (GHAI) funding will continue to support successful, comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative

U.S. trade policy is a great success in Namibia in large part due to the African Growth and Opportunity Act (AGOA). AGOA has brought Namibia over \$300 million in foreign investment since April 2001 and created over 9,000 new jobs, 5,500 of which remain despite the end of worldwide quotas in 2005. The challenge remains for Namibia to take greater advantage of AGOA benefits through the diversification of exports. Namibia is a member of the Southern African Development Community (SADC) and Southern Africa Customs Union (SACU). As a member of SACU, Namibia is an engaged participant in the ongoing U.S.-SACU Free Trade Agreement (FTA) talks.

FY 2007 Development Assistance (DA) will increase the quality of primary education in disadvantaged areas by improving teacher performance through training and strengthening the Ministry of Education's decentralized management system. Activities to mitigate the impact of HIV and AIDS on the sector initially were funded through DA funds but activities will be expanded in FY 2007 with funding secured from the Emergency Plan. Funds from the Africa Education Initiative also support scholarships and mentoring for 950 disadvantaged girls. In addition to the basic education support program, a workforce skills development activity will be implemented to support technical assistance, training and capacity building of selected vocational training institutions.

DA funding will also finance continuation of USAID's successful community-based natural resource management (CBNRM) program, and will provide funding for programs to assist rural Namibians to benefit from effective management of a broader set of natural resources, beyond wildlife. Previous funding has been instrumental in the establishment of community-based conservancies in several parts of the country, which in turn have enabled the resurgence of populations of wildlife including endangered species. Among other emphases, support will be given to foster joint ventures between tourism operators and conservancies in an effort to create jobs. These conservancies benefit 119,000 Namibians, have created 547 full-time and 3,250 part-time jobs, generated \$2.65 million in benefits to participants (from \$62,500 in 1998), reinforced local democratic institutions, and advanced the status of women.

DA funds will enable the continuation of programs to assist with the consolidation of Namibia's democratic institutions. Under its Democracy and Governance Program, USAID will support outreach efforts of Parliamentarians and Regional Councilors to their constituencies. Training will strengthen their ability to incorporate input from civil society into policy formulation, legislative decision-making, and regional and local planning. Advocacy skills training and institutional strengthening will also be provided to civic groups across the country to enable them to participate more effectively in outreach and advocacy activities and to increase the range and quality of the submissions made to elected representatives (with continued emphasis on HIV/AIDS- and CBNRM-related issues and policy concerns).

Namibia has actively contributed to international peacekeeping operations and assistance to the Namibian military will bolster Namibia's ability to participate in peacekeeping initiatives and thereby contribute to regional stability. FY 2007 International Military Education and Training (IMET) funds will provide training and education to military officers, to enhance the military's capacity and management of existing resources to support the war on terrorism, engage in peacekeeping operations, and perform civic action. Namibia is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Namibia's participation in peacekeeping operations and the war on terrorism.



**Niger**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
NADR-ATA	1,400	955	576
P.L. 480 Title II	12,368	2,449	6,000
Peace Corps	2,685	2,963	2,990

U.S. interests in Niger are democracy, human rights, regional security and countering terrorism. Niger, bounded by Algeria, Libya, Chad, Nigeria, Burkina Faso, Benin and Mali, is 95 percent Muslim and the second poorest country in the world. With its porous borders and impoverished people, Niger is a ready target for anti-Western extremism and a potential crossroads for terrorist activities. Despite this backdrop, however, Niger continues to hold the promise of democracy in a moderate and secular state. Since free and fair elections at the end of 1999, the Government of Niger has made economic reforms and invested in its people. In 2004, successful local and national elections provided the first peaceful democratic succession in Niger's history. Niger's human rights record has improved and corruption has decreased since democracy was restored. Counter-terrorism will also improve in a democratic environment.

U.S. interests are advanced by supporting Niger's democratically elected civilian government with targeted assistance aimed at economic and political development and reform, human survival, social justice, health, and security. Ensuring Niger's uranium production is not diverted to states of concern is also an important U.S. interest in the war on terrorism and in our efforts to halt the proliferation of weapons of mass destruction.

Niger is the least developed country on the UN Development Programme's (UNDP) Human Development Index. Only 17 percent of primary and secondary school aged children enroll in school. Sixteen percent of the population 15 years of age and older can read; only 7 percent of adult women can read. Forty percent of the children in the country are malnourished, and Niger experienced a severe food security crisis in the summer of 2005, brought on by drought and a rise in cereal prices. Niger also has one of the highest fertility rates (8.1 children per adult woman) and population growth rates (3.2 percent) in the region. By 2050 the World Bank estimates that the population of Niger will be second only to Nigeria in Sub-Saharan Africa, and currently 50 percent of the population is under 15 years of age. Living conditions for women and children, two of the most vulnerable sectors of the population, are marginal.

Most of our assistance to Niger is derived from a mix of Africa Regional Economic Support Funds, USAID Title II Food for Peace resources and limited funding from USAID, including through the West Africa Regional Program (WARP). Niger receives humanitarian assistance from the Department of Defense, and support for democratic systems from the National Endowment for Democracy. State Department's Office of Trafficking in Persons and the U.S. Department of Labor fund human rights and education projects. The Centers for Disease Control, the U.S. Geological Survey, National Oceanic and Atmospheric Administration (NOAA) and the Environmental Protection Agency (EPA) provide technical assistance to the Government of Niger along with U.S. universities including Purdue, Michigan State, Alabama A & M and Clark.

In FY 2007, the United States will support a limited military assistance program in Niger. To help professionalize the military and reduce the threat of destabilization to Niger's fragile democracy, the International Military Education and Training (IMET) program is designed to reinforce the military's role as a professional institution, subordinate to Niger's democratically elected civilian government. FY 2007

IMET funds will support the continued enhancement of civil-military relations, military justice, and peacekeeping capabilities. Niger is a participant in the Trans-Sahara Counter-Terrorism Initiative (TSCTI) and units previously trained under the Pan-Sahel Initiative (PSI) will receive follow-on equipment and training in counter-terrorism. Niger will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help Niger to better control its borders and participate in peacekeeping activities.

**Nigeria**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	28,250	21,544	19,677
DA	14,808	14,000	21,204
ESF	4,960	4,950	5,000
FMF	-	990	800
GHAI	85,928	138,100	272,000
IMET	-	792	590
INCLE	2,232	990	400
NADR-ATA	-	435	-
NADR-CTF	100	200	600

Nigeria is the dominant economic and political power in West Africa. Nigeria's 140 million people represent 20 percent of sub-Saharan Africa's total population. Its increasingly restive 60 million Muslim population is about the same size as the Muslim populations in Egypt and Turkey. Our over-arching national interests in Nigeria are promoting democracy and human rights, combating poverty and ensuring a cooperative partnership on regional stability, and trade. Only through democratic governance can Nigeria address its ethnic and religious divisions, create an open economic system that will make it a reliable and increasingly important trading partner, and develop as a critical partner in international affairs. Nigeria is the fifth largest source of U.S. oil imports, and disruption of supply from Nigeria would represent a major blow to U.S. oil security strategy. Nigeria staunchly supports the global war on terrorism and has been an indispensable partner in addressing crises in Darfur, Liberia, Côte d'Ivoire, and Zimbabwe. Assistance supports efforts to increase security and stability in the vulnerable oil-producing Niger Delta region, strengthen Nigeria's governmental and nongovernmental institutions, engage with an increasingly disaffected Muslim population, and promote credible elections in 2007 during a period when Nigeria's democracy remains extremely fragile. The United States also supports efforts to fight trafficking in narcotics and persons and address Nigeria's vulnerability to financial crime and terrorist finance.

Nigeria is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

National elections in 2003 and local elections in 2004 were marred by reports of serious irregularities and fraud. Nonetheless, these elections marked the nation's first successful transition to a second civilian administration, offering an opportunity to continue to build democratic institutions in preparation for 2007 elections. We will continue to engage Nigeria's fledgling democratic institutions, including civil society and the media. We will work with Nigeria's electoral bodies to provide technical assistance to prepare for future elections. We will support the rehabilitation of governmental institutions critical to democratic stability, including reform of the justice system and work with state and national legislators.

Cooperation with Nigeria to combat drug trafficking, international crime, and terrorism continues to improve. Nigeria remains susceptible to violence, instability and high crime rates. We will work with Nigerian police to professionalize the force, improve basic skills, and promote law and order across the country. Nigerian criminal organizations are transnational in scope and have a direct impact on the United States, costing American victims tens of millions of dollars each year. Southeast and Southwest Asian

heroin smuggled through Nigeria amounts to a significant portion of the heroin smuggled into the United States, resulting in Nigeria being placed on the U.S. list of major drug producing and drug-transit countries. Funding will be directed at counternarcotics and financial crime units that are working with U.S. law enforcement organizations against transnational crime. FY 2007 International Narcotics Control and Law Enforcement (INCLE) funds will be used to cover program development and support costs for an INL Section Chief and his office staff. The section chief is responsible for overseeing INCLE programs, which provide assistance in counternarcotics, police modernization, and financial crime. Counternarcotics programs have focused on interdiction training and technical assistance for the National Drug Law Enforcement Agency. Financial crime assistance has been directed toward training and technical assistance to the Economic and Financial Crimes Commission and INTERPOL. We will facilitate the active prosecution of Nigerian criminals, and remedy weaknesses in Nigeria's financial, immigration, and security sectors. Our programs will help Nigerian law enforcement and judicial system personnel train and develop professional relationships in the United States to disrupt narcotics trafficking. The United States will contribute to G8 support for Nigerian programs focused on increasing budget transparency and improved fiscal performance.

In the Niger Delta, disputed access to vast oil wealth has provoked violence and human rights concerns. We will use Economic Support Funds (ESF) to continue work with local groups, including governmental and non-governmental organizations, and the private sector to develop conflict resolution mechanisms. In the North, Sharia courts issue harsh sentences. We will use FY 2007 ESF and other resources to work with the judiciary and local and international human rights groups to address concerns about these punishments. We will also use FY 2007 ESF to support preparations for 2007 national elections, focusing on capacity building for Nigeria's Independent National Election Commission (INEC) and training for domestic nongovernmental organization election observers and political party representatives.

FY 2007 Development Assistance (DA) and Child Survival and Health (CSH) funding will continue to address impediments to economic growth and will strengthen basic education, enhance agricultural productivity, and expand and improve health services, with a particular focus on women and infants. Democracy and governance programs will strengthen the National Assembly, the Independent National Electoral Commission, and civil society, and promote conflict resolution. We will support economic reform and agricultural development by focusing on improved economic management, promoting privatization, greater access to micro-finance, and environmental sustainability.

Nigeria's success in peacekeeping missions in Sierra Leone and Liberia was due in part to U.S. support and training under the Operation Focus Relief Program completed in 2001. Nigeria has played a leading role in negotiations to end the Darfur crisis and has been a major troop contributor to the African Union Mission in Sudan (AMIS). To further strengthen Nigeria's peacekeeping capacity, the nation is expected to become a partner in the African Contingency Operations Training and Assistance (ACOTA) program in 2007. Assistance to the Nigerian military will promote military subordination to civilian rule, improve respect for human rights, build expectations of accountability, and reinforce a positive role in peacekeeping. International Military Education and Training (IMET) programs will emphasize improved accountability, consolidate the Nigerian military's position under civilian authority, improve professionalism and enhance its regional peacekeeping capabilities. Nigeria is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Nigeria's participation in peacekeeping operations and modernization efforts.

Foreign Military Financing (FMF) will be used to help Nigeria improve military management and training. FMF will strengthen the Armed Forces Staff College/Infantry Center and the school's simulation center, train teams in counter-terrorism and peacekeeping, build military justice capacity, develop a small boat unit to enhance energy security in the Niger Delta, and provide C130 technical support. Nigeria remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA). Taking advantage of this opportunity will promote economic growth, increasing stability in Nigeria and the region.

## Republic of the Congo

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	163	99	105
P.L. 480 Title II	1,364	-	-

U.S. national interests in the Republic of the Congo (ROC) are promoting democracy, human rights, and economic prosperity, including good economic governance of the country's significant oil resources, as well as the protection of its unique and precious environment. An associated goal is mutual understanding and raised awareness of American values, including respect for human rights, respect for freedom of the press and of association, educational reform, and HIV/AIDS awareness. To achieve these and other U.S. goals, diplomatic facilities destroyed during the civil war are being refurbished.

Since a 2003 peace agreement ending major conflict, the Republic of Congo has continued its transition to a still fragile peacetime society. But a small segment of the war-torn Pool Region continues to suffer from armed bandits and piracy at times affecting the major rail system in the region and causing intimidation and harassment of the local population.

Improvements in governance and efforts to ensure transparency in the oil sector contributed to economic stabilization and the approval of a concessional loan arrangement in December 2004 and subsequent debt treatment by the Paris Club that same month. There were revelations in 2005 that oil revenue transparency had faltered significantly, and national oil company officials had grave conflicts of interest in Congo's oil sales. These revelations led the World Bank and the International Monetary Fund (IMF) to delay further debt relief. The United States and the international community will be monitoring the ROC's performance and its commitment to economic reform under its ongoing IMF arrangement. U.S. investments are largely in the oil industry, but further diversification of the economy is necessary to sustain economic growth.

Mutual understanding and raised awareness of American values have been promoted in the past through an American Corner (a U.S. - UN Development Programme education center), U.S. speakers, bilateral meetings, girls' scholarships, and workshops on a variety of subjects including democratic principles, human rights, HIV/AIDS, and civil-military relations. At this time, there is no public diplomacy officer assigned to Post to sustain these activities. To help ensure stability, past Africa Regional Economic Support Funds (ESF) have been used to support election planning, provide training in legislative affairs for the new legislature, and develop environment projects in synergy with the President's Congo Basin Forest Partnership (CBFP) initiative. ROC is one of the beneficiaries of this initiative, primarily through USAID's Central African Regional Program for the Environment.

FY 2007 International Military Education and Training (IMET) funds will support courses in the English language, civil-military relations, human rights, and military professionalization. Such programs enhance regional stability, strengthen ROC peacekeeping capacity, and facilitate beneficial cooperation between the USG-ROC militaries. The ROC is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will support ROC military participation in peacekeeping and the activities of Central Africa's brigade in the African Union's Standby Force

The Republic of the Congo is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

**Rwanda**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	7,100	7,163	7,729
DA	5,680	5,852	3,943
GHAI	43,800	60,000	82,000
IMET	296	223	270
P.L. 480 Title II	14,000	11,758	15,000

The primary U.S. national interests in Rwanda include: 1) diplomatic engagement with neighboring states, especially Democratic Republic of Congo, through the U.S. initiated tripartite mechanism, the United Nations and other efforts to bring peace to Central Africa; 2) promotion of democracy and human rights, as well as HIV/AIDS prevention and education; and 3) facilitation of Rwandan peacekeeping operations in Darfur. U.S. programs aim to aid Rwanda's recovery from the 1994 genocide that claimed an estimated 800,000 lives. The United States implements a variety of governance, health, and rural economic growth programs that help create the political, economic, and social conditions that will lead to development of a prosperous society, embracing democratic governance and respect for human rights. These programs also aid Rwanda's transition to sustainable development and support regional peace and stability in Africa's Great Lakes region.

Rwanda is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). Rwanda also received 100 percent debt relief under the enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative. FY 2007 Development Assistance funds (DA) will finance ongoing activities to improve governance by increasing citizen participation, enhancing democratic local and national governance, strengthening civil society, and improving community-based reconciliation efforts.

Rwanda is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, the Global HIV/AIDS Initiative (GHAI) will continue to provide comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Programs financed by USAID help increase citizen participation, enhancing democratic local and national governance, strengthening civil society, and improving community-based reconciliation efforts. USAID will continue to support Rwanda's groundbreaking decentralization program, increase dialogue between citizens and government at all levels, and help civil society organizations (CSOs) increase citizen participation in local and national governmental decision-making. Efforts to bring justice for crimes through the special genocide courts (Gacaca) or the formal justice system will be coupled with civil society efforts to ease the trauma still pervasive in Rwandan society.

Health programs funded by USAID strengthen Rwanda's decentralized system for family planning, reproductive and child health, malaria, HIV/AIDS and nutrition. They improve access, quality and sustainability of basic health services. Major components reduce maternal and neonatal mortality, improve the quality and sustained use of family planning, reduce malnutrition among children, mothers and people living with HIV/AIDS, and prevent the transmission of HIV/AIDS, tuberculosis, and malaria. Communication initiatives improve health promotion and disease prevention practices, increase care-seeking behavior and strengthen the referral and counter-referral system. Special emphasis is placed on community level HIV/AIDS prevention and care mobilization.

A United States rural economic growth program focuses on value-added agriculture in Rwanda. Targeted production, processing and marketing assistance support productive enterprises in key commodities such as specialty coffee, chili peppers, pyrethrum, and essential oils. Value-added processing through off-farm employment provides the first source of cash income for many rural women. By strengthening the financial sector, targeted agribusinesses have access to credit, and rural enterprises expand through micro-credit. P.L.480 resources are fully integrated into the program and help to improve rural infrastructure and raise agricultural competitiveness through lower transportation costs.

FY 2007 International Military Education and Training (IMET) programs will focus on developing the professionalism and peacekeeping capabilities of the Rwandan military, with particular emphasis on expanded IMET courses designed to promote respect for human rights and civilian control of the military, military justice, and improved civil-military relations. Rwanda will receive training in Equal Opportunity to encourage non-discriminatory practices and equal access to all ethnic groups in the country. In addition, Rwanda will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will help Rwanda to modernize its military and continue its participation in international peacekeeping operations.

## Sao Tome and Principe

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	194	198	200

U.S. national interests in Sao Tome and Principe (STP) are democracy, human rights, mutual understanding, and economic prosperity and security, all of which help promote regional stability. U.S. efforts focus on enhancing political stability to preserve one of the most exemplary democracies in Africa, and the preservation of STP's human rights record, which international organizations rate highly. Support of the Voice of America facility and its operations provides long-range broadcasting access to promote American values and understanding of U.S. views and culture. In the coming decade, U.S. companies will increase their already substantial investments in the development of the vast petroleum resources in Sao Tome's territorial waters.

In Sao Tome and Principe, open, free, and transparent elections have characterized political life since the introduction of a multiparty system and the first democratic presidential election in 1991. The administrative system for elections, however, remains weak. In July 2003, some members of the military supported a coup attempt that was resolved through talks between the rebels and a multinational negotiating team, including the United States, to preserve good governance and democratic practices.

Historically, STP has been one of the poorest and most indebted nations in Africa, and the government of STP has run high deficits. However, in 2005, STP enjoyed a surplus as a result of a large oil signing bonus. The discovery of large oil reserves in STP's coastal waters should eventually lead to a dramatic change in the government's fiscal situation and revenue base and make STP a major player in the economically and strategically important Gulf of Guinea. However, expectations of oil wealth are unduly high, and oil production will not commence for several years. We continue to promote American investment in STP and support STP's attempts to ensure transparency in the oil sector. We are also working with the government to help ensure that STP's oil resources and subsequent earnings are appropriately utilized to ensure sustained economic growth to benefit the population. STP is eligible for support under the Millennium Challenge Account Threshold program.

In FY 2007, International Military Education and Training (IMET) programs will provide training in military leadership skills, military justice, English language capability, and professional development in the Sao Tome military. Such professionalization is vital to help preserve STP's democratic institutions and increase STP's capacity to secure its territorial waters.

Sao Tome and Principe is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA equipment requested under this program will be used, for example, to bolster the coastal security program to help protect Sao Tome's critical natural resources and equip its small military force with individual equipment.

Sao Tome and Principe is eligible to receive trade benefits under the African Growth and Opportunity Act. STP is also defined as a Heavily Indebted Poor Country (HIPC), but it must establish a track record of reform and sound policies in compliance with its current agreement with the International Monetary Fund (IMF) before it can reach Completion Point and become eligible to receive full debt relief under the enhanced HIPC initiative.



**Senegal**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	14,775	14,001	14,183
DA	12,995	19,554	13,246
FMF	496	495	400
IMET	1,222	1,089	1,135
NADR-ATA	339	168	-
NADR-HD	-	300	600
NADR-TIP	-	-	50
P.L. 480 Title II	2,269	3,749	3,500
Peace Corps	3,502	3,660	3,568

Senegal is the United States' most important Francophone partner in sub-Saharan Africa. Our national interests there include expanding democracy and human rights, promoting economic prosperity and the rule of law, and combating terrorism. As a regional democratic and military leader, Senegal plays a key role in U.S. efforts to promote regional peace. Senegal consistently supports U.S. foreign policy initiatives and calls for moderation in multilateral and Islamic organizations. Senegal has been at the forefront of Africa's response to global terrorism, actively lobbying other African and Islamic countries to take concrete steps in the fight against terror. Senegal displays a high level of military professionalism. A participant in the African Contingency Operations Training and Assistance (ACOTA) Program, Senegal contributes troops to United Nations peacekeeping forces in Cote d'Ivoire, Liberia, and the Democratic Republic of the Congo, as well as the African Union Mission in Sudan.

U.S. assistance increases Senegal's regional influence as a stable, participatory democracy in a region plagued by instability. U.S. assistance supports market-based economic reforms as Senegal continues to privatize key sectors of its economy, boosts transparency in government, increases professionalism and effectiveness of the military, and relieves human suffering resulting from extreme poverty and lack of essential infrastructures in urban and rural areas.

Senegal has few natural resources and a high annual population growth rate of 2.7 percent. Historically the country has offered a poor investment climate and suffered from high urban unemployment. To encourage economic growth, Development Assistance (DA) funds will help to start and operate a business and build trade capacity, particularly for nontraditional agricultural and natural products. FY 2007 funds will be used to improve the effectiveness, transparency and accountability of local governments as well as broaden political participation. The USAID health program, using Child Survival and Health (CSH) funds, targets HIV/AIDS prevention and treatment and improvement of the health of women and children, particularly through reduction in malaria and other infectious diseases. The USAID basic education program, in collaboration with the Africa Education Initiative, will increase the number of children, especially girls, who complete middle school.

In late 2004, Senegal was chosen as one of the first 16 countries eligible for support under the Millennium Challenge Account (MCA) and can continue to be selected for both FY 2005 and FY 2006 MCA funding.

FY 2007 Africa Regional Economic Support Funds (ESF) will be requested to support efforts to enhance Senegal's ability to monitor and investigate suspicious financial transactions related to terrorism finance, money laundering, or organized crime.

In FY 2007, International Military Education and Training (IMET) courses will improve the Senegalese military's ability to participate in regional and international peacekeeping operations while continuing to train participants in professionalism and civilian-military relations. IMET courses will complement Senegal's participation in the ACOTA Program and in African Center for Strategic Studies' seminars.

FY 2007 Foreign Military Financing (FMF) funds will enhance the ability of Senegal's military to conduct peacekeeping operations and maintain the skills they have acquired through ACOTA training. Funds are intended to help improve Senegal's ability to contribute to regional missions, to communicate, to secure its borders and coastline, and to maintain previously provided U.S. equipment.

Senegal is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance Senegal's capabilities to participate in international peacekeeping activities.

Senegal remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA). Taking advantage of trade opportunities under AGOA will further boost Senegal's economic growth and provide employment opportunities, increasing stability in Senegal and the sub-region of West Africa. Senegal, a member of both the Economic Community of West African States (ECOWAS) and the African Union, reached its completion point under the Heavily Indebted Poor Countries Initiative in April 2004. This achievement resulted in a dramatic reduction in Senegal's bilateral debt obligation to the United States and other creditors.

**Seychelles**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	106	99	120
NADR-ATA	-	56	-

The United States' primary national interests in the Seychelles, an island nation in the Indian Ocean, are fostering democracy and respect for human rights, promoting economic development, and securing the government's continued help in the war on terrorism. The United States also seeks improvements in the Seychelles' law enforcement and environmental protection mechanisms. The Seychelles supports the United States in the war on terrorism and has offered its support and facilities to the U.S. military. U.S. naval vessels make 20-25 port calls a year to the Seychelles.

The Seychelles economy, despite enjoying one of the highest per capita incomes in Sub Saharan Africa, has undergone a steep decline in recent years. Seychelles suffers from a chronic shortage of foreign exchange and government mismanagement has led to negative economic growth. The economy is primarily based on tourism, although there has been a recent downturn in this sector. Seychelles is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). Its manufacturing sector, while neither extensive nor diversified, is growing modestly. The economy suffers from lack of foreign exchange and a downturn in tourism. The government has taken measures aimed directly at creating a more business-friendly environment. AGOA, if used effectively, can help to attract investment.

The Government of Seychelles has been a consistent supporter of the USG in the global war on terrorism. In FY 2007, International Military Education and Training (IMET) will contribute to developing a professional military and respect for civilian rule by providing training in civil-military relations and other specialized issues. IMET-funded courses will include instruction on human rights, military justice, officer professionalism, defense resources management, and coastal security. The program will allow the United States to maintain military-to-military contact with Seychelles, a country in which the United States does not have a resident diplomatic presence, with the exception of a joint Embassy and CENTCOM Consular Assistant in Victoria, Seychelles, who is responsible for Consular Services and acts as a local liaison for naval ship visits.

The Seychelles is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support the Seychelles' counter-narcotics maritime activities and coastal security efforts.

## Sierra Leone

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	100	297	300
DA	4,600	3,756	3,820
ESF	5,952	5,940	2,500
IMET	270	322	325
P.L. 480 Title II	13,277	7,015	11,000

The primary U.S. interest in Sierra Leone is consolidation of the peace that has been established by massive intervention from the international community in a region marked by considerable instability. U.S. assistance supports a United Kingdom-led international effort to prevent a recurrence of the lawlessness and brutal violence that has produced thousands of deaths and injuries, war crimes, and hundreds of thousands of refugees. Broad U.S. goals are to help foster an environment in which the Government of Sierra Leone (GOSL) can control its territory, protect its citizens, provide for legal exploitation of the country's resources for future economic development, and promote the rule of law in a civil, democratic society.

Continued peace in 2005 allowed the U.N. Mission in Sierra Leone (UNAMSIL) to terminate operations as scheduled, and all forces withdrew from the country at the end of December. UNAMSIL has been replaced by the U.N. Integrated Office for Sierra Leone (UNIOSIL), with goals of consolidating peace, strengthening human rights, improving transparency, realizing Millennium Development Goals, and holding free and fair elections in 2007. The Special Court of Sierra Leone (SCSL) war crimes tribunal instituted by the U.N. Security Council continues to deliberate on cases involving eleven indictees associated with all three of the country's former warring factions.

The sustainability of peace within Sierra Leone and the region rests on the success of the "relief-to-recovery" process. U.S. assistance will address some internal threats to Sierra Leone's long-term stability such as poor governance, lack of effective popular participation in government, and widespread corruption. These conditions, combined with the effects of the war, led to the collapse of most of Sierra Leone's institutions and a near total loss of confidence in government. Revitalizing Sierra Leone's economy and society will require years of determined effort. The Anti-Corruption Commission (ACC) has worked diligently against corruption and has received support from the GOSL in its efforts. A backlog of cases has decreased and the President pushed the Commonwealth Special Prosecutors' presence in ACC through Parliament, but convictions of high-level government officials for corruption still elude the ACC. Stability in neighboring Liberia and Guinea also has a significant impact on Sierra Leone. Prospects for stability in Liberia have improved with the departure of Charles Taylor and recent free and fair election of President Ellen Johnson Sirleaf; however, there are reports that Taylor continues to interfere in Liberian affairs from his exile in Nigeria. The potential for increasing instability in Guinea could threaten gains in Sierra Leone.

FY 2007 Development Assistance (DA) and Economic Support Funds (ESF) will be used to provide social, economic and physical support to further solidify the ongoing reintegration process. Efforts are shifting from relief activities such as basic infrastructure rehabilitation and feeding programs to programs that boost agricultural production and increase employment skills and opportunities, such as agricultural extension, marketing, and entrepreneurial training. USAID will also continue efforts aimed at broadening participation of local communities and interest groups in key national and local issues such as the utilization of Sierra Leone's diamond resources, the provision of social services, and putting an end to corruption. During FY 2007, USAID will focus on youth and gender issues, with targets aimed at reducing violence, promoting community healing, and safeguarding human rights. The program will also increase emphasis

on training politicians at the local and national levels in constituency relations, improved governance, and anticorruption. Advocacy training for civil society organizations will also receive increased emphasis.

The International Military Education and Training (IMET) program in FY 2007 will help to build professionalism in the military and reinforce democratic values as well as support improvement of Sierra Leone's military justice system and civil-military relations. The program will focus on professional military training for senior military officers and on technical assistance in defense resources management.

Sierra Leone will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA may be provided to support the ongoing rebuilding and restructuring of Sierra Leone's armed forces.

Child Survival and Health (CSH) funds will be used to help prevent the spread of polio in Sierra Leone by providing financial support to the World Health Organization's (WHO) Polio Eradication Program. Sierra Leone is also eligible to receive benefits provided under the African Growth and Opportunity Act (AGOA), which provides greater access to the U.S. market as a means of enhancing U.S. economic engagement with eligible African countries and supports sustainable economic development. Sierra Leone holds a Category 9 textile visa, allowing it to export hand-made and folkloric textiles to the United States.

Sierra Leone is also a Heavily Indebted Poor Country (HIPC). Under the enhanced HIPC initiative, it qualified for cancellation of \$3 million from its Paris Club creditors, including the United States, in July 2002.

Sierra Leone is a member of the Economic Community of West African States (ECOWAS), the African Union, and the Mano River Union.

**Somalia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	100	-	-
DA	5,000	2,045	2,571
P.L. 480 Title II	26,286	4,997	-

United States interests in Somalia include national security and counter-terrorism, democracy, human rights, and humanitarian assistance. U.S. policy goals include eliminating the terrorist threat in Somalia, preventing its use as a terrorist base, and overcoming the long-term governance challenges exploited by terrorists by supporting the establishment of a functioning central government in Somalia. U.S. assistance programs seek to contribute to the country's economic recovery and create an enabling environment for long-term institutional and political change.

Somalia has lacked a functioning central government since the collapse of the Siad Barre regime in 1991; however, the formation of a transitional governing entity, known as the Somalia Transitional Federal Institutions, provides an opportunity for increased U.S. engagement in Somalia in FY 2007. In addition, other political entities and regional administrations also currently exist, including the self-declared "Republic of Somaliland" in northwestern Somalia and the semi-autonomous region of Puntland in northeastern Somalia. The United States maintains informal contact with a variety of actors in Somalia, including members of the Transitional Federal Institutions and regional authorities in Somaliland.

The continued lack of regional and national reconciliation inside Somalia hinders the ability of Somali leaders to confront terrorism issues or effectively promote economic development in the region. In this regard, the United States continues to support ongoing efforts towards Somali reconciliation and will continue to work with local and regional authorities and other states in the region to promote national dialogue and the establishment of effective governance inside Somalia.

Somalia's economy, which is based on nomadic pastoralism, is largely underdeveloped. Alternating droughts and floods, combined with endemic strife, have seriously reduced productivity and threaten widespread starvation. Hundreds of thousands of Somalis live as refugees in neighboring countries, especially Kenya, and many others are internally displaced. Foreign assistance and remittances from overseas are Somalia's primary sources of income. Livestock, one of Somalia's principal exports, is largely banned from major regional markets in the Arabian Peninsula due to the lack of veterinary certifying capabilities for Rift Valley Fever. There is little infrastructure and a near-total lack of institutional capacity. This situation provides a fertile ground for international terrorism and lawlessness. Despite the lack of a functioning central government, however, a nascent private sector has emerged in Somalia, including a thriving telecommunications industry.

Due to continued insecurity inside Somalia, we will continue to provide assistance in FY 2007 through non-governmental and international organizations. FY 2007 Development Assistance (DA) and Child Survival and Health (CSH) funds will be used to strengthen the organizational and leadership capacities of civil society to manage and peacefully resolve conflict. FY 2007 DA will also be used to improve access to and the quality of basic education in Somalia. FY 2007 Africa Regional ESF will be requested to support peace building, civil society, capacity building and conflict resolution programs in Somalia, including Somaliland, as well as continued efforts towards democratization in Somaliland. The United States will work with Somali civil society organizations to build their organizational and financial management capacity, improving their links and relationships with local government and supporting interventions in selected sectors.

## South Africa

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	5,328	5,070	5,130
DA	25,710	24,362	19,279
ESF	992	1,287	1,300
GHAI	118,165	191,553	330,000
IMET	-	49	45
INCLE	1,756	594	500
NADR-ATA	-	14	50
Peace Corps	3,137	3,443	3,614

South Africa is the cornerstone of regional stability and the leading catalyst for economic growth in southern Africa because of its globally integrated and resource-rich economy, prominent diplomatic profile, and ability to project limited military force beyond its borders. The United States has major interests in South Africa's continuing development as a stable, democratic, and market-oriented state that can address its major internal challenges (the HIV/AIDS pandemic, joblessness, income inequality, crime, and race relations) and maintain an active peacekeeping role in Africa. South Africa is a cooperative partner of the United States in addressing terrorist and international criminal threats, nonproliferation, and regional instability, although South Africa opposes some U.S. policies in international fora. The government has focused on Black Economic Empowerment (BEE) initiatives as one element of policies to address the economic legacy of apartheid while working to maintain a good investment climate for domestic and foreign investors. By contributing to South Africa's economic development, the United States helps ensure the durability of the market-based model in southern Africa and sustains an open door for enhanced U.S. trade and investment in the region. FY 2007 Economic Support Fund (ESF) resources will be used to partner with non-governmental entities in South Africa to address the social, political, and economic legacies of apartheid. Areas of attention will include support for projects to bolster legal and fair processes of land reform, advance interracial and interfaith tolerance, enhance private citizens' access to government and to promote economic growth and job creation. ESF and International Narcotics and Law Enforcement (INL) funds will be used to support activities under the Women's Justice and Empowerment Initiative. ESF will also be used to support South Africa-situated African Union training for post-conflict reconstruction and development.

South Africa has the world's largest populations of AIDS victims and AIDS orphans, with an adult HIV prevalence estimated at 21 percent and 29.5 percent in pregnant women. The USG, along with the South African Government and other donors, are applying increasing resources to the challenge to prevent this pandemic from undermining South Africa's development efforts. South Africa is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative. Child Survival and Health (CSH) programs will continue to focus on building primary health care delivery capacity and curbing tuberculosis. A joint Department of Defense-National Institutes of Health (DOD-NIH) program in FY 2007 will help the South African National Defense Force (SANDF) deal with the HIV/AIDS challenge to the armed forces. During FY 2004, among other projects, ESF resources were used to support improved public sector hospital management at the largest hospital in South Africa, the Chris Hani Baragawanath Hospital in Soweto, Johannesburg.

The United States also has a clear interest in helping South Africa address serious local and international organized crime problems, as well as the related threat of terrorist activity. The country's developed economy and financial institutions, coupled with incomplete or under-funded regulatory and policing powers, have left it vulnerable to crime syndicates and potentially to terrorists. The South African Government has requested USG assistance to help it address international organized crime and potential terrorist threats, and our governments together have identified the following priorities for continuing assistance in FY 2007: border controls, counternarcotics, youth and domestic violence, sex crimes, organized crime, major case management, corruption, and money laundering. A Presidential initiative announced at the G-8 will help raise awareness of crimes against women, upgrade criminal justice and police handling of such crimes, and improve services for and reintegration of victims. In all of these areas, FY 2007 International Narcotics Control and Law Enforcement (INCLE) resources will be used to assist in building South African judicial and law enforcement capacity to deal effectively with serious crime problems.

Education is another high priority for U.S. assistance to South Africa, with the long-term objective of enhancing workforce development. Through USAID programs in curriculum reform and implementation, teacher training, and institution strengthening, FY 2007 Development Assistance (DA) will continue to support South African Government efforts to overcome the legacy of substandard-to-nonexistent schools, books and teachers serving the black majority. Rapidly improving the now integrated primary and secondary school system is essential if South African workers are to compete successfully under the free market model their government has embraced.

FY 2007 DA will continue to focus on and support South Africa's efforts to strengthen and consolidate democracy, with special emphasis on strengthening the criminal justice system, democratic and effective local governance, and civil society/government partnerships. USAID programs will promote the empowerment of women, establish effective local government and rule of law, and make the judicial system more accessible to and representative of the majority of the population through institutional and policy support to the Ministry of Justice. FY 2007 DA programs will also support private sector development as well as the expansion of basic municipal services, including water and sanitation. To date, over three million low-income households have benefited from USG-facilitated home loan guarantees or enhanced services.

USG-provided technical assistance is helping small, medium and micro-enterprises in South Africa succeed and in many cases expand their workforce. One aspect of this effort is to help South Africa take greater advantage of the important trade benefits presented by the African Growth and Opportunity Act (AGOA). USAID-facilitated technical assistance and finance for historically disadvantaged farmers and agribusinesses are also strengthening South Africa's agricultural sector.

South Africa's military will continue to be an important leader in conflict resolution and peacekeeping in Africa. South Africa has signed on as an African Contingency Operations Training and Assistance program (ACOTA) partner to help strengthen its capacity to conduct peacekeeping operations. Also, through the FY 2007 International Military Education and Training (IMET) program, the United States will expand connections with South Africa's current and future military leaders and support their interest in strengthening military-to-military relations and continue their lead participation in regional contingency planning and requirements. South Africa will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under the authority of Section 516 of the Foreign Assistance Act. EDA will be used to support South Africa's contributions to regional peacekeeping efforts and improve their coastal and border security capabilities.



As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Non-proliferation, Anti-terrorism, Demining and Related Programs - Export Control and Related Border Security (NADR-EXBS) funds for a cooperative program to help establish a fully effective export control system in South Africa.

**Sudan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	16,500	19,000	20,400
DA	70,000	70,000	70,000
ESF	19,840	19,800	60,000
ESF-SUP	22,000	-	-
IDFA	17,856	-	-
IDFA-SUP	40,000	-	-
IMET	-	49	100
INCLE	-	-	9,800
MRA-SUP	53,400	-	-
NADR-HD	2,500	2,400	3,500
NADR-SALW	560	600	600
P.L. 480 Title II	306,202	25,317	-
PKO	74,400	13,000	41,425
PKO-SUP	60,000	-	-

The primary U.S. national interest in Sudan is to ensure that the country never again becomes a base for terrorist activity and that there is a fundamental democratic transformation to a peaceful country. Operationally, this places particular emphasis on national security and law enforcement (including counterterrorism), regional stability, democracy, human rights, and humanitarian response. Given Sudan's size, potential oil and resource wealth, and location in the volatile Horn of Africa, full implementation of the North-South Comprehensive Peace Agreement (CPA), including in Darfur, is important to U.S. national interests in the region. The agreement, signed on January 9, 2005, in Nairobi, Kenya, ends a 22-year civil war and marks a potentially pivotal turning point in Sudan's future if implemented fully.

The United States is generally pleased with the Government of Sudan's cooperation on counter-terrorism, though some concerns remain due to the presence of representatives of terrorist groups such as HAMAS and Palestine Islamic Jihad. Allegations continue that persons based in Sudan continue to provide limited support to the Lord's Resistance Army (LRA), a Ugandan terrorist group, though the government asserts that it does not provide such support. In fact, the Government of Sudan permitted the Ugandan government to enter Sudanese territory in pursuit of the LRA. Nevertheless, Sudan remained on the list of state sponsors of terrorism at the end of 2005.

Ensuring an end to the violence in Darfur, accountability for its perpetrators, and full implementation of the comprehensive North-South peace agreement without compromising Sudan's counter-terrorism cooperation are top priorities for the United States and the international community. Reconstruction and development in Sudan, particularly southern Sudan, are also high priorities that will need adequate support if implementation of the CPA is to be successful. Strong support of this process is necessary to promote stability, prosperity, and democracy throughout a unified Sudan. This will contribute to stability in the strategic Horn of Africa and send a clear, positive message to the people of the Middle East, Africa, and throughout the world that the most intractable of conflicts can be resolved through peaceful negotiation.

To consolidate peace, it will be necessary to build security institutions in the armed forces and police that are more professional, smaller in size, and more representative of the whole country. In FY 2007, PKO and International Military Education and Training (IMET) funds will be used to transform the Sudan Peoples'

Liberation Army from a guerilla to conventional military force and help ease its integration into the national army. This assistance will immensely bolster prospects for peace as the government and people of South Sudan gain confidence in their security situation and are protected by a military that is both more professional and more representative of their diverse society. To support security sector reform efforts, IMET courses will focus on civil-military relations, defense resources management, military justice, and English language training. PKO funds will continue to expand the security sector transformation program throughout Sudan during this critical stage. Funds will provide technical assistance, unit and individual professional training, infrastructure rehabilitation and equipment for the new military. PKO funds also will assist in overall reform efforts such as to support the CPA-established Sudanese Joint Defense Board (JDB), which will direct and coordinate the Joint Integrated Units (JIUs) and U.S. participation in the International Military Advisory Team (IMAT).

Non-proliferation, Anti-terrorism, Demining and Related Programs – Humanitarian Mine Action (NADR-HD ) resources will be used in FY 2007 to provide Mine Risk Education (MRE), clearance of mined roads to enable refugees and internally displaced persons (IDPs) to return more safely to their homes, and to develop an indigenous humanitarian de-mining capacity to make the country mine safe by FY 2009. NADR Small Arms and Light Weapons (SALW) Destruction funds will support the destruction of SALW circulating and hidden in caches around the country after decades of conflict.

Economic Support Funds (ESF) will be required in FY 2007 to continue support of the mechanisms that will monitor compliance and implementation of the peace agreement begun in FY 2005. At a minimum, this will include support to the international bodies responsible for holding the parties accountable for full implementation of the agreement, and support to the Commissions called for in the peace accord. Ensuring real political change in Sudan will only be accomplished by reintroducing repressed political voices into Sudan's previously closed political institutions. ESF will be essential for training support to opposition political parties and to assist in the wide-scale preparation and international monitoring of Sudan's elections. Funds will also be used to support the resolution of conflict and implementation of peace agreements in Darfur and eastern Sudan, as needed. Darfur will be a priority, particularly in supporting reconciliation programs to help end the current conflict and to prevent the recurrence of violent flare-ups.

The USAID program, including Transition Initiatives (TI), Child Survival and Health (CSH), International Disaster and Famine Assistance (IDFA), and food aid, will respond to the great challenges and many opportunities in assisting the South Sudanese in their transition from conflict to peace. USAID's goal is to establish a foundation for a just and durable peace with broad-based participation of the Sudanese people. Transition Initiatives will focus on recovery and rehabilitation through the following: support to the peace process; more responsive and participatory governance; improved equitable access to quality education; and establishing a foundation for economic recovery. Child Survival and Health funding will increase health, water, and sanitation services and practices.

The United States Government will also continue to respond to other humanitarian crisis needs throughout the country. In FY 2006, humanitarian funds are being used for immediate disaster response, especially in Darfur, where escalating conflict has displaced an estimated 1.8 million people and sent another 200,000 fleeing across the border into eastern Chad. Humanitarian assistance throughout the country is used for continuing essential health, water, and sanitation services for war-affected communities, for quick-impact programs that build public support for peace by providing rapid and visible benefits to communities, and for nutritional support for war-affected communities through food aid. This assistance will continue into FY 2007, as needed.

**Swaziland**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	97	99	100
NADR-ATA	-	119	-
Peace Corps	1,706	1,929	1,913

Priority U.S. interests in Swaziland include responding to the HIV/AIDS pandemic with programs for prevention, care and treatment; democracy, rule of law, and the promotion of human rights; and economic opportunity and development.

Effective HIV/AIDS programs focus on assisting Swaziland to confront the devastating impact of the nation's 42.6 percent HIV/AIDS adult prevalence rate and the growing number of children left orphaned and vulnerable by the pandemic. U.S. HIV/AIDS-related assistance, provided through the USAID/CDC Regional HIV/AIDS Program based in South Africa, has increased HIV/AIDS awareness and prevention, and increased the capacity of non-governmental organizations (NGOs) to provide palliative care to victims of HIV/AIDS. Two contractors based in Swaziland and funded by USAID coordinate USG HIV/AIDS programs in the country, and work for behavior change in the region. In addition, USG assistance supports Swaziland's National Emergency Response Council on HIV/AIDS, prevention of mother-to-child transmission programs, and workplace HIV programs in conjunction with the International Labor Organization. The State and Defense Departments will continue to support an HIV/AIDS awareness program for the Swazi military. Projects supported by the Global Fund aim to reduce the incidence of HIV/AIDS, tuberculosis, and malaria. The African Development Foundation awards agricultural production and food security grants in AIDS-affected rural communities.

With the King's assent to a new constitution in July 2006, Swaziland has improved on the issue of the rule of law and human rights. Although the United States has concerns with both the drafting process and the substance of the constitution, the document represents the end of emergency rule (in force since 1973) and the possibility of democratic evolution within traditional structures. The Mission seeks further democratic change – e.g. full legalization of political parties – has supported government anti-corruption efforts, and is seeking additional funds to support civil society development.

Although Swaziland does not receive bilateral Development Assistance (DA), it benefits from regional DA funds. The regional USAID center in Botswana implements economic growth programs in Swaziland and will expand its programs in the coming years, including a small/medium enterprise development project. In addition, the DA-funded Africa Education Initiative will provide continued support for education. We use tools such as the African Growth and Opportunity Act (AGOA) and its textile benefits to encourage economic growth through increased business activity and investment.

Efforts to increase the professionalism of the Swazi military directly support U.S. policy goals of advancing democracy, human rights, and humanitarian assistance in addition to bolstering our broader goal to support regional stability. FY 2007 International Military Education and Training (IMET) resources will fund military assistance programs that promote a higher degree of professionalism in the Swazi defense forces through education on the role of the military in a democracy and in promoting respect for human rights. Swaziland will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used to assist Swaziland with military needs and individual equipment for its military.

**Tanzania**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	15,110	21,754	20,662
DA	8,755	9,167	9,260
GHAI	81,801	100,312	155,000
IMET	-	49	45
NADR-ATA	731	685	1,042
NADR-CTF	-	100	600
NADR-EXBS	25	200	300
NADR-TIP	-	-	175
P.L. 480 Title II	16,668	4,253	-
Peace Corps	2,632	2,663	2,686

The United States' principal interests in Tanzania include security and counter-terrorism, combating HIV/AIDS, promoting democracy and human rights, maintaining Tanzania's welcome for refugees fleeing conflicts in neighboring countries, promoting private sector economic growth, and increasing mutual understanding.

Tanzania's strategic location (adjacent to the Great Lakes region and just south of the conflict-prone Horn of Africa) makes it a vital partner in assuring the stability of East Africa. Having suffered an Al-Qaida terrorist attack with the 1998 bombing of the U.S. Embassy in Dar es Salaam, Tanzania is a strong supporter of the war on terrorism. Tanzania has historically enjoyed internal political stability and continues to support peace and stability in the region, particularly with regard to the conflicts in and between the Democratic Republic of Congo (DRC), Burundi, Rwanda, and Uganda. As a member of the East Africa Community, along with Kenya and Uganda, Tanzania is working to establish economic stability throughout the region. Tanzania is the only East African member of the Southern African Development Community (SADC) and provides a vital link between these two regions on economic and political issues.

Tanzania is one of the world's poorest countries, the result of two decades of socialism that seriously damaged the people's entrepreneurial spirit, but has been one of the few to escape serious internal conflict. New policies to support free enterprise have been slow in developing. To counter this situation, FY 2007 Development Assistance (DA) funds will be used for governance, environment, and economic growth activities. The United States is working to defend the Tanzanian environment, both on land and in offshore waters; and to promote sustainable eco-tourism. The United States has had a great deal of success working to develop Tanzania's National Park system, especially in working with local communities. This has led to a decrease in poaching and an increase in the economic development of the communities involved. Improved productivity, increased access to markets and a new focus on the agricultural sector, including reducing red tape, and shifting from parastatal activity to a market economy, will provide results. In 2005 Tanzania held elections in Zanzibar and the Mainland. In Zanzibar, the level of violence surrounding the disputed local polling was disturbing, but the national elections proceeded smoothly.

Tanzania is eligible to participate in the African Growth and Opportunity Act (AGOA), and there has been some recent improvement in the export of manufactured products. The United States will continue to finance advanced advocacy training with 55 partner, non-governmental organizations (NGOs) and business associations, as well as an in-house training program in Parliament.

Tanzania is one of 15 focus countries under the President's Emergency Plan for AIDS Relief (Emergency Plan) (PEPFAR), and the United States is rapidly expanding its response to the disease. The United States will use part of the Global HIV/AIDS Initiative (GHAI) account to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative. Child Survival and Health (CSH) will fund a measles and polio immunization program and provide vitamin supplements for Tanzania's chronically vitamin A-deficient population. Working with the Ministry of Health, the U.S. Mission will continue to implement zonal programs to combat priority infectious diseases like malaria and tuberculosis.

Tanzania is home to one of the largest refugee populations in the world, with most of them currently coming from Burundi and the Democratic Republic of Congo (DRC). The U.S. engages the Tanzanian government diplomatically to urge continued hosting of refugees with safety and dignity until conditions allow for repatriation. The United States monitors refugee camps and the peace processes in the African Great Lakes region to help prepare for a massive repatriation, when appropriate, which could have a large impact on Burundi, DRC, and Tanzania.

FY 2007 IMET will help to improve the professionalism of the Tanzanian Peoples' Defense Force (TPDF) and train it to better control the country's borders as well as manage refugee flows from conflict areas like Burundi. Tanzania will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to improve mobility, communication and support Tanzania's efforts to improve its border and coastal security and support peacekeeping efforts in the region.

**Togo**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	44	119	120
Peace Corps	2,551	2,637	2,652

The United States has three primary goals in Togo: advocating democracy and good governance, supporting economic development, and combating the spread of the HIV/AIDS pandemic in order to further our strategic goal of enhancing regional stability. President Eyadema, who ruled Togo for 37 years, died in February 2005. His death provoked a constitutional challenge to succession that culminated in the flawed April 2005 presidential election won by Eyadema's son, Faure Gnassingbe. Violence by government troops during the election killed up to 500 Togolese and frightened 40,000 more into fleeing to Ghana and Benin, where most remain. The situation has calmed, but the political opposition remains leery. Pervasive corruption undermines domestic and international trust in the Togolese government. The international community has put increasing pressure on Togo and Gnassingbe to institute real political and economic reform that will ease tensions and convince refugees it is safe to return. Two important requirements – engaging in real dialogue with the opposition, and instituting electoral reform – have not yet been satisfied.

Establishment of reforms in the election process, and inclusion of opposition elements within the planning and implementation of those reforms remain necessary steps for Togo to move to new legislative elections, possibly in the fall of 2006.

Most bilateral and multilateral aid to Togo has been cut off because of the country's halting transition to democracy, poor human rights record, and failure to service its external debt. Togo is ineligible for lending from the World Bank because of payment arrears exceeding \$50 million. A team from the National Democratic Institute (NDI), funded with FY 2002 Africa Regional Economic Support Funds (ESF), left Togo prematurely before the elections of 2003 after the Government of Togo (GOT) made it impossible for them to work. The GOT has now indicated openness to the return of NDI or a similar U.S. organization. We support this openness with the use of Africa Regional ESF funding to strengthen political parties and political dialogue, which are crucial to resolution of Togo's political crisis. We will continue to provide small grants to civil society organizations under our Self-Help and Democracy and Human Rights Funds. In addition, Togo is expected to receive a grant from the UN Global Fund for Malaria, Tuberculosis and AIDS.

To ensure a successful transition to democracy, it is vitally important that the military's capacity, professionalism, and commitment to democracy be enhanced. FY 2007 International Military Education and Training (IMET) programs will continue to strengthen the Togolese military's regard for democratic values, respect for individuals' civil and human rights, and acceptance of the rule of law. The Togolese military has played an important role in regional peacekeeping efforts. Togo will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used for peacekeeping and modernization efforts.

Togo is not eligible for trade benefits under the African Growth and Opportunity Act. However, substantial progress with the European Union's 22 commitments and free, transparent, and credible elections in the National Assembly could qualify Togo for such assistance. Togo is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU).

Should Togo take the necessary steps to create a climate for refugee return, support for those movements would be through multilateral support to the UNHCR from the Migration and Refugee Assistance Account.



**Uganda**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	15,160	19,948	18,512
DA	27,967	21,614	23,845
FMF	1,984	-	-
GHAI	122,741	145,000	188,000
IMET	293	238	295
NADR-TIP	-	-	150
P.L. 480 Title II	64,410	16,193	19,000
Peace Corps	1,768	1,848	1,868

The Government of Uganda is one of America's key partners in Africa. Our strategic goals in Uganda are regional stability, health, democracy, good governance, human rights; economic growth and development; and humanitarian assistance. Uganda has supported American foreign policy positions, including the coalition in Iraq and the war on terrorism.

Uganda is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, increased Global HIV/AIDS Initiative (GHAI) funding will be provided to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative.

Uganda is a leader among the focus countries in achieving the President's goals in the fight against AIDS. The government of President Yoweri Museveni has skillfully managed the HIV/AIDS epidemic, once the greatest threat to Uganda's future. President Museveni has spoken out publicly since 1986 on the dangers of the disease and helped forge a unique public/private partnership that has become a model for the rest of the world. Over the past 10 years, Uganda has reduced the HIV prevalence rate among adults from about 25 percent to less than 7 percent.

Uganda's democratization process is incomplete. Parliament and the judiciary are not fully independent. In 2005 Parliament amended the Constitution to allow President Museveni to seek another presidential term anticipating the next Presidential elections in February 2006. Corruption is prevalent and newspapers and radio stations have been shut down for political reasons. The United States advocates strongly for Uganda to move ahead on democratic and reform issues.

Uganda remains a trendsetter on macroeconomic reform, and is taking steps to increase exports to the United States under the African Growth and Opportunity Act (AGOA). Uganda was selected as the first country in the world to gain debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative in 1998 and Enhanced HIPC in 2000. But the economic growth rate has stagnated after a period of rapid growth in the 1990s. Poverty and income disparity are growing, in part because of the effects of conflict in the north.

For nearly two decades, the terrorist Lord's Resistance Army (LRA) has attacked civilians in northern, and now eastern Uganda, killing tens of thousands, abducting more than 20,000 children and creating 1.4 million internally displaced persons (IDPs) in 2004. Tensions between the Ugandan Government and the Acholi people of the north remain strained, which is a challenge to resolving the northern Ugandan rebel problem. Ugandan forces have withdrawn from Eastern Congo and the United States, through the tripartite mechanism, is trying to enhance security in the Great Lakes region and promote improved relations between Uganda and its neighbors.

Funding for USAID's core competitiveness activity will end during first quarter FY 2007. Through its agricultural and natural resources efforts USAID will continue to expand agricultural export competitiveness in sectors such as coffee, vanilla, and fisheries. USAID will also continue to focus on environmentally sustainable private sector-oriented activities, such as eco-tourism and tree management for timber and medicinal uses. The United States will continue to support development of economic alternatives to current unsustainable practices. FY 2007 activities include an improved bio-prospecting policy/legislative framework, identifying and addressing other policy, regulatory, and institutional constraints, continuing to strengthen district land use planning capability and improving negotiating skills of targeted communities around protected areas. USAID will also begin development of a biodiversity conservation project for the Ugandan Albertine Rift, which will incorporate eco-regional planning, improved protected area and watershed management, and trans-border conflict resolution activities.

In FY 2007, the United States will continue to focus on strengthening democracy, improving governance, supporting lasting peace in northern Uganda, and building local government capacity. Establishing a long-lasting peace, following resolution of the conflict in northern Uganda, will require strong democratic systems, national and community-based reconciliation, psychosocial support for resettlement of IDPs, and reintegration of ex-combatants, along with economic growth and human development services. The United States will continue education initiatives, such as teacher training and special programs that focus on early childhood education through the Ministry of Education and through the Madrasa network of Muslim schools.

Child Survival and Health (CSH) and Development Assistance (DA) in FY 2007 will continue to support Uganda's goal to reduce mass poverty through investments in health, HIV/AIDS, and education. This includes the provision of essential commodities, training, human resources, and technical assistance. The program will continue to (1) facilitate the effective use of quality health, HIV/AIDS and primary education services among low income Ugandans; (2) increase Uganda's capacity to sustain the delivery of quality health, HIV/AIDS and education services; and (3) strengthen the policy environment and social support for the delivery and use of these social services. In FY 2007, the United States will support the Ministry of Health to implement critical child survival interventions.

FY 2007 International Military Education and Training (IMET) programs will continue to emphasize restoring professionalism in Uganda's downsized military. This funding will provide training in human rights, officer professionalism, peacekeeping and civil-military relations. Uganda is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to improve Uganda's military communications and mobility and to support their efforts to counter internal instability from organizations such as the LRA.

**Zambia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	13,655	16,083	14,402
DA	15,212	26,622	16,336
GHAI	99,831	116,000	155,000
IMET	181	223	245
NADR-TIP	-	-	125
P.L. 480 Title II	6,446	1,981	5,000
Peace Corps	3,160	3,536	3,534

We seek to build a prosperous and democratic Zambia that will share America's core values and be an effective partner on the international stage. Zambia's history of promoting peace at home and abroad, a multiparty political system, a transitioning economy that is more market-based, and its abundant natural resources validate this vision and USG programs here. The fragile peace in the neighboring Democratic Republic of Congo and instability in Zimbabwe heighten the importance of a stable, democratic, and prosperous Zambia for the United States and the region.

Helping Zambia win the war against HIV/AIDS is our most important undertaking in promoting U.S. interests in Zambia's development as a stable, peaceful and prosperous free market democracy. None of our programs in Zambia will succeed unless Zambia turns the tide on the HIV/AIDS crisis. Approximately one hundred thousand Zambians out of a population of 10.5 million die annually from AIDS. Zambia's selection as a focus country under the President's Emergency Plan for AIDS Relief (Emergency Plan) offers an opportunity to combat this pandemic. In FY 2007, increased Global HIV/AIDS Initiative (GHAI) funding will be needed to expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading Global HIV/AIDS Initiative. Child Survival and Health (CSH) funds will be used to improve child survival; health and nutrition; prevent and control infectious diseases; support family planning; and improve maternal health and nutrition. Success in battling HIV/AIDS will create an environment in which other USG programs aimed at promoting democracy and expanding incomes can have a greater impact on the lives of Zambians.

Zambia has qualified for threshold status under the Millennium Challenge Account. The Zambian government submitted a business plan to promote private sector development and address petty corruption and administrative barriers that thwart economic growth, and Millennium Challenge Corporation (MCC) approval is expected in early 2006. Zambia is the home of the secretariat of the Common Market of Eastern and Southern Africa, which is working to expand regional economic integration – an objective the United States shares – to promote greater prosperity and stability both within Zambia and throughout the region. Although overall levels of U.S. investment within Zambia remain relatively low, several major U.S. companies continue to benefit from investments in a range of sectors in Zambia, especially agriculture and mining-related enterprises. To support the goal of economic growth, Development Assistance (DA) funds will be used to improve the economic policy and business environment; improve private sector competitiveness; increase agricultural sector productivity; improve sustainable management of natural resources and biodiversity conservation; and increase trade and investment

Zambia today is peaceful, but Zambia has few defenses against international terrorism. If allowed to take root in Zambia, terrorist networks could undermine all efforts to create a stable, democratic and prosperous country. We will work to build the capacity of Zambian authorities to detect and deter terrorist activity.

Two other aspects of Zambia's FY 2007 DA program are designed to strengthen democracy by supporting civil society's demand for more accountable government and by improving prosecutorial and judicial capacity. We support continued reform and capacity building of Parliament to advance transparency, fiscal responsibility, citizens' participation in governance, and more effective checks and balances. In 2006, we continue to support efforts to prosecute cases of corruption.

The Department of Treasury resident advisors make a unique contribution to Zambian governance initiatives. Direct USG technical assistance to the Zambian government complements assistance provided with DA and Economic Support Fund (ESF) resources. Treasury assistance has included training of Zambian investigators and prosecutors, revising tender laws and regulations, and building corruption-resistant institutions. It also supports counter terrorism by helping Zambia combat money laundering. There has been impressive progress with anti-corruption prosecutions: 450 corporations and 170 individuals suspected of plundering or aiding and abetting the plundering of national resources were investigated; 70 cases were effectively investigated for criminal prosecution; 276 assets (primarily real estate holdings) are currently under active investigation and nine cases are currently being prosecuted in court; a major civil case is being contested in London. Millions of dollars worth of Zambian real estate plus additional international assets have been recovered. The agreement with Treasury has yielded significant results in the prosecution of public officials but has experienced less progress in prevention.

Africa Regional Economic Support Funds (ESF) complement Development Assistance in support of rule of law programs. ESF will be used in FY 2007 to assist in the conduct of free and fair national elections. If available, ESF funds in FY 2007 will also be used to support legislative reforms that promote greater government accountability.

The International Military Education and Training (IMET) program supports regional stability and enhances democratic values in the Zambian military. FY 2007 IMET will enable Zambian military personnel to attend courses at the Defense Institute of International Legal Studies and U.S. military staff colleges, and receive training in counter-terrorism, corruption investigation, and medicine. Medical training will complement Emergency Plan projects to address the crisis of HIV/AIDS in the Zambian military. Zambia participates in the African Contingency Operations Training and Assistance program and anticipates starting battalion training in 2006. Zambia is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help modernize Zambia's military and support their participation in peacekeeping operations in Africa.

**Zimbabwe**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	11,100	10,973	10,822
DA	2,460	1,376	1,400
ESF	1,984	2,970	3,000

Zimbabwe is in the midst of worsening political, economic, and humanitarian crises resulting from the government's misrule and economic mismanagement. Zimbabwe's economic collapse has caused unrest and great hardships within the country, population dislocations to neighboring countries, and damage to regional economic development. The principal U.S. interests in Zimbabwe are democracy, human rights, economic prosperity, and humanitarian relief, including the battle against HIV/AIDS. Our policy seeks the re-emergence of Zimbabwe as a country with a democratically legitimate government that respects the rule of law and the well-being of its citizens, fosters regional peace and stability, and follows sound economic policies contributing to regional economic growth. Repairing Zimbabwe's tattered institutions and rebuilding its economy will be a long and difficult process that cannot begin without first addressing the underlying political crisis that polarizes this troubled nation. Assistance will help Zimbabwe address its acute HIV/AIDS problem and food shortages, support democratic and civil society forces, and prepare the way for the restoration of democracy and economic growth. Despite strained relations, Zimbabwe cooperates with the United States on law enforcement and counter-terrorism matters, and on HIV/AIDS and (to a lesser extent) on food assistance.

Zimbabwe was a post-independence success story and a force for regional stability and growth, but the actions of the Government of Zimbabwe (GOZ) since 2000 have caused immense damage to the nation's economy, democratic institutions, social cohesion, and welfare. Zimbabwe is experiencing negative economic growth (-40 percent since 2000; -7.0 percent in 2005), high inflation (more than 500 percent in 2005), and chronic unemployment (more than 70 percent). Political instability, violence and increasing poverty are undermining social stability and the rule of law. The harvest in 2005 was very weak and more than four million Zimbabweans now require food assistance. Over one-fifth of the sexually active population is HIV-positive. Intermittent shortages in basic food supplies, medicines, and fuel persist. The nation's precipitous decline has resulted in a large-scale exodus of teachers, social/health care workers, and professionals with marketable skills. Life expectancy has declined from 61 years in 1990 to 34 years in 2003, infant mortality is 76 per 1,000 live births, and under-five child mortality is 123 per 1,000 live births.

FY 2007 Development Assistance (DA) and Economic Support Funds (ESF) will support programs to enhance citizens' participation in economic and political decision-making. The programs will include training, technical assistance, and grants to U.S. and local organizations to: 1) strengthen civil society; 2) strengthen the legislative process; 3) support democratic local government; and, 4) establish and ensure media freedom.

FY 2007 Child Survival and Health (CSH) programs aim to mitigate Zimbabwe's HIV/AIDS crisis and provide training, technical assistance, capacity building, services and commodities to: (1) reduce the transmission and impact of HIV/AIDS, (2) reduce unintended pregnancies, and (3) build the health system capacity. The programs aim to strengthen the capacity of all Zimbabweans to demonstrate leadership and take effective action to address HIV by taking ownership of the epidemic and the response at all levels of society. In FY 2005, USG-supported Prevention of Mother to Child Transmission (PMTCT) sites counseled 73,337 pregnant women for HIV, representing 51 percent of all women attending antenatal clinics nationwide. In addition, 42,605 pregnant women were tested for HIV. More than 5,200 HIV-infected women received a course of anti-retroviral (ARV) prophylaxis to prevent Mother to Child

Transmission (MTCT), exceeding the target of 2,650 by 96 percent. The USG provided support to 33,005 Other Vulnerable Children (OVC) in the areas of education assistance, psychosocial support, income generation and food security activities. Twenty USG-supported Voluntary Counseling and Testing (VCT) sites tested and counseled 172,655 clients for HIV in FY 2005, exceeding the FY 2005 target by 87 percent. The USG program provided Anti-retroviral Therapy (ART) to 483 HIV-infected clients against a target of 500 clients. A total of 975,000 female condoms were sold, exceeding the FY 2005 target of 720,000 condoms. USG support to the public health sector resulted in 96 percent of public facilities having condoms in stock, a percentage point more than the FY 2005 target of 95 percent. By the end of the strategy in FY 2007, USG programs will have reduced high risk sexual behavior, developed leadership and reduced stigma, built community capacity to assist OVC, and strengthened health system capacity to deliver quality PMTCT and ART services.

Zimbabwe is not currently eligible for the African Growth and Opportunity Act, the Millennium Challenge Account (MCA), or for security assistance, largely due to the prevailing political and human rights situation.

## Africa Coastal/Border Security Program

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	3,968	3,960	4,000

Africa Coastal/Border Security program is designed to augment counter-terrorism (CT) and regional stability efforts in Africa with Foreign Military Financing (FMF) resources. The program seeks to enhance Africa's ability to defend and monitor its vast coastal, maritime, and border regions from terrorist and criminal activities, as well as to better protect fisheries, oil and environmental resources. Terrorism is a global issue and countering terrorism is most effective when it is done with regional cooperation. A consolidated program such as this, as opposed to multiple individual programs, will allow for multilateral engagement establishing lines of communication between the regional actors and ensuring more coordinated, efficient and effective CT and regional security efforts.

The Africa Coastal/Border Security program will complement the Trans-Sahara CT Initiative (TSCTI) and the 2003-2004 East Africa Counterterrorism Initiative (EACTI). The \$4 million in FMF is intended for broader coastal/border security needs in key areas in Africa. The funds also will provide for sustainment of capacity obtained as part of EACTI and TSCTI. Aspects of this program were realized in FY 2005 with an initial reprogramming of \$2,000,000 for key Indian Ocean countries of Comoros, Seychelles, Madagascar and Mozambique to assess their coastal security needs, receive strategic training, and procure and repair equipment, such as small commercial craft or Excess Defense Articles (EDA) patrol vessels.

Countries that will benefit from this initiative may include, but are not limited to: Angola, Chad, Comoros, Djibouti, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Kenya, Madagascar, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Rwanda, Sao Tome & Principe, Seychelles, Senegal, Tanzania and Uganda. All these countries need better coastal/border security to support the long-term objectives of the global war on terrorism. Additionally, many of these countries have valuable resources, and require credible security forces to protect their territorial integrity and prevent them from becoming lucrative havens for terrorists and criminals.

FY 2007 funds will provide for, but not be limited to, technical surveys, training and equipment, such as patrol vessels and vehicles, communications gear, navigational aids, barrier material, night vision devices, and monitors/sensors, to develop, enhance and sustain African countries' ability to protect and defend their own coastal waters and borders from terrorist operations and other illicit activities. Funds may be used to refurbish patrol and utility craft available as EDA from the U.S. Coast Guard as well as procure other technology-appropriate boats. Training, maintenance and spares will also be a part of this program to enhance the ability of recipient countries to properly operate and maintain the equipment. The program also may include efforts to increase cross border cooperation among African countries, including in the area of intelligence. Aerial surveillance, naval radar, and intelligence training also may be provided in some cases.

## Africa Regional

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	11,520	8,613	8,000

The Africa Regional Fund (ARF) addresses the United States' interests related to democracy and human rights, economic prosperity, law enforcement, and global issues. Democracy promotion in Africa is not only a reflection of American ideals but represents the bedrock supporting all key U.S. interests on the continent. Democracy represents a stabilizing force that can help to avoid or mitigate humanitarian crises resulting from armed political power struggles that cost the United States billions of dollars each year. Creating opportunities for American investment and increased U.S. economic prosperity flourish through partnerships with stable governments that strive to enforce the rule of law and create suitable investment climates. Like-minded democracies also make the best partners in our global efforts to address international concerns ranging from terrorism, crime, and drug trafficking to weapons proliferation, environmental degradation, and the spread of infectious diseases.

Institutional weakness, civil, ethnic, and religious strife, environmental degradation, conflict over natural resources, and corrupt regimes combine to make parts of Africa highly unstable and unpredictable. Economic Support Funds (ESF) offer distinct advantages for dealing with unanticipated developments and for taking advantage of limited windows of opportunity as they open. ESF resources are requested in country-specific accounts for several key countries, but Africa Regional Fund resources also are vital if we are to be able to respond to more immediate, less predictable needs, and to advance U.S. foreign policy objectives in countries where USAID has no presence.

Nearly half of the FY 2007 Africa Regional ESF will be used to support democratic development as outlined above. Specifics include strengthening the rule of law and respect for human rights through programs that aid legislative and judicial reform, increase transparency, combat corruption, support improved electoral processes, provide training to strengthen governing skills for newly elected officials at the national and local levels, and strengthen civil society and an independent media. In Niger, for example, a Muslim nation that is one of the poorest countries in the world, but that is led by a friendly democratic government, ARF resources will be used to support judicial training, case management, decentralization, anti-corruption, and urban work management projects. In Guinea, ARF resources will be used to help initiate the democratization process prior to the Guinean presidential succession. Other examples include continued support for Rwanda's International Tribunal to prosecute genocide and other war crimes, support for anti-corruption campaigns in Zambia and Malawi, efforts to strengthen the capacity of Ghana's Electoral Commission and support the country's 2007 District Assembly elections, strengthening democracy in Sao Tome & Principe, a new oil producer in the Gulf of Guinea, and advancing democracy in Cameroon.

Economic growth and effective, democratic governance are fundamental to peace and stability and achieving sustainable economic development in African states, and also contribute to U.S. economic growth. Africa Regional ESF supports African efforts to achieve economic growth and development through programs that assist with implementation of the African Growth and Opportunity Act (AGO), promote trade and investment, and encourage the development of capital markets. Approximately 15 percent of ARF resources will be used to support projects that strengthen Africa's private sector, increase productivity, and expand trade and investment flows between the United States and Africa.

Regional ESF also enables us to make strategic investments in countries that possess the will, but not the means, to fight terrorism. Roughly 10 percent will be used to support counter-terrorism initiatives. We will



seek to help countries draft counter-terrorism legislation, improve administration of borders, combat money laundering, and assist with the creation of stable governments in places such as Somalia where anarchy gives terrorists potential new bases.

Programming plans include strengthening efforts to fight money laundering and the continuation of counter-terrorism efforts in key countries in the Horn of Africa, and the expansion of counter-terrorism efforts in southern Africa. An additional 10 percent will be used to assist countries in the region to accelerate the resolution of long-standing regional conflicts through support for the integration of internally displaced persons (IDPs) and refugees to their villages of origin. Continued support for cross-border security and confidence-building collaboration with the Democratic Republic of Congo (DRC), Uganda, Rwanda, and Burundi also is envisioned.

Approximately 15 percent of the Regional ESF will be used to support African environmental and natural resource management efforts. Africa's natural resources such as the Congo Basin Forest and the Miombo-Mopane eco-system of southern Africa are of significant global value and are inextricably linked to African stability, security, and economic growth. ESF projects will help fill gaps in efforts to conserve habitats, resources, and biodiversity, as well as promote cross-border cooperation. Special efforts will continue to be made to ensure that affected communities have a voice in decision-making and derive economic benefit from sustainable management of resources. Helping Africa protect its environment and manage its resources in a sustainable manner will not only help preserve globally important habitats and provide economic opportunity for Africans, it also will contribute to development of diversified economies that can benefit U.S. interests through trade and investment relationships. Thanks in large measure to Africa's rich environment, travel and tourism attracted an estimated \$12.3 billion in capital investment in 2005 and accounts for roughly eight percent of sub-Saharan Africa's GDP. Retaining and expanding these benefits require sound stewardship of natural resources.

## African Development Foundation

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ADF	18,848	22,770	22,726

The African Development Foundation (ADF) plays a unique role within the U.S. Government's foreign assistance programs. ADF is the only USG agency that awards development assistance directly to African small enterprises and non-governmental organizations (NGOs).

ADF's efforts complement other forms of United States assistance to Africa by providing small enterprises in Africa's poorest communities with the resources they need to generate new jobs and deliver significant increases in income to employees and to low-income families. The Foundation's programs support U.S. national interests in Africa by promoting economic growth, advancing opportunities for new international trade and investment, and strengthening the relationship between the United States and the people of Africa.

ADF's FY 2007 request focuses on:

- Promoting small enterprise development in Africa's poorest communities, and
- Helping small businesses and farming groups increase their exports to regional and global markets.
- Leveraging matching contributions from African governments and private corporations, which will double the impact of appropriated funds.

The Foundation has extensive experience in helping African small businesses improve their productivity and profitability. ADF's FY 2007 funding will allow the Foundation to provide African small businesses with essential capital, technology, and technical assistance to improve their productivity and to enhance their access to regional and international market opportunities.

## African Union (AU)

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	-	3,000

Assisting the African Union (AU) with targeted Economic Support Funds (ESF) supports U.S. goals for a safer, freer, better Africa. The AU continues to strengthen its lead role in supporting African peace and stability via implementation of its democracy agenda/protocols and deployment of political and military missions. The AU agenda – through its New Partnership for Africa’s Development (NEPAD) and Africa Peer Review Mechanism – largely meshes with the U.S. agenda. Working through the AU, we can help advance the trend toward greater African leadership in resolving the continent’s problems and creating opportunities for development, thus advancing our broader agenda on a range of issues including governance, economic prosperity, health, and counter-terrorism.

Our FY 2007 ESF program support to the AU will be aimed at strengthening AU capacity and institution building to advance democracy and conflict resolution/mitigation in Africa. Activities will range from provision of specific essential equipment, to enhancing AU staff capacity, to supporting specific activities in political reconciliation, best practices workshops, and advancement of U.S. initiatives. Training of logistics and planning staff, development of infrastructure, and supporting special AU envoys, such as have been sent to Comoros and Zimbabwe, will be part of our effort at regional stabilization assistance (\$1,000,000).

Support for democracy, working through the AU Political Commission (\$1,000,000), will include electoral assistance unit programs to develop the capacity of countries to hold free and fair elections, to develop and share “best practices,” and to field AU election monitoring teams.

ESF funding also would be used to assist specific countries to address shortfalls noted during their voluntary participation in the AU/NEPAD African Peer Review process (\$500,000).

Another \$500,000 will be used to help develop AU institutions that advance stability, such as the AU’s combined African Court of Justice and Human and Peoples’ Rights, and the AU counter-terrorism training and study center in Algiers. The African Court is a growing institution that may in future provide an African institution that can address – and help put an end to – cases of violations of international humanitarian law and war crimes. Developing the capacity of the AU counter-terrorism center in Algiers will help ensure the AU has a strong internal body ready to advocate for and advance the fight against terrorism.

## Assistance Programs in Africa

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
MRA	229,351	245,486	235,920
MRA-SUP	94,400	-	-

The African refugee scene is being transformed as political factors are aligning to “solve” four of the largest and most intractable refugee (and IDP) situations – Burundi, Sudan (apart from Darfur), DR Congo, and Liberia. The total refugee population had fallen from 3 million in 2005 to some 2.8 million by early 2006 (despite major outflows from Sudan) and should fall steadily in 2007 and 2008. Several repatriation and reintegration efforts are under way in 2006 that will continue into 2007. The “normal” repatriation and reintegration process takes about three years to complete. These operations can be costly in the short term, but save humanitarian money in the longer term as they are essential for post-conflict stability. While security is the primary driver in decisions to return home, a minimum of basic social and economic infrastructure is also necessary for sustainable reintegration. Repatriation and reintegration assistance for refugees able to return home usually includes transportation, a small package of household and agricultural items to facilitate the returnees' re-establishment, and limited rehabilitation of social infrastructure, such as clinics and water projects, in the home community.

At the same time, continued humanitarian assistance will be needed for vulnerable populations unable to return home, in such places as Chad, Ethiopia, Kenya, Sudan, Algeria, Zambia, and Ghana. Given the size and diversity of the Africa region – 53 countries with a variety of ethnic, political, health, economic, and climatic challenges – previously unanticipated refugee emergencies are likely to occur, creating new refugee outflows similar to those from Togo and the Central African Republic in 2005.

Key challenges include: weakening donor response, particularly in the area of food for refugees, owing to urgent priorities elsewhere; protracted and seemingly intractable refugee situations such as those of Somali refugees in Kenya and Western Saharan refugees in Algeria; concerns about the neutrality and security of refugee camps; and problems of humanitarian access to populations in need in Darfur and eastern Chad, for example; the concomitant disasters of drought/famine, as we are seeing in the Horn at present; and threats to refugee health, including HIV/AIDS and malaria.

Protection, both legal and physical, including protection of women and children from sexual violence and from recruitment into armed conflicts, has become more challenging in Africa. Support is planned for ongoing protection programs in Africa, including increased UNHCR protection staffing. Basic humanitarian assistance in Africa continues to lag behind international standards in such life-sustaining sectors as nutrition, where there is now some chronic malnutrition among refugees, and water/sanitation. Contributions to UNHCR and other implementing partners will continue to seek to address some of these gaps.

In Africa as elsewhere, ICRC, often in partnership with other elements of the International Red Cross and Red Crescent Movement, is called upon to provide relief and protection in the most difficult and dangerous areas of countries caught up in armed conflict, where success depends largely on securing the cooperation of the warring parties. This sensitive task has become even more difficult – in Darfur for example – as parties to conflict have increasingly rejected the principle of neutral humanitarian assistance. The ICRC program in Africa provides protection and assistance to conflict victims and displaced persons, assistance to political prisoners and prisoners of war, and tracing services (for detainees and family members separated by conflict).

NGOs are key partners of IOs in Africa, often in specialized areas such as health care, water and sanitation, and education. In some cases, FY 2007 funds will be provided directly to NGOs that require additional support in order to play the implementing partner role. UNICEF, IOM, and other international organizations may also receive funding for assistance activities complementary to those of our key partners.

## Military Health Affairs

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	1,984	1,980	1,600

The HIV/AIDS pandemic is ravaging Africa, and its effects are especially pernicious in one of the continent's most prominent institutions, the military. Many African uniformed services carry HIV-positive rates significantly higher than that of the general population; some have infection rates as much as twice that of the local populations. Compounding the deleterious effects of the military HIV infection rate is the fact that governments in many sub-Saharan African countries often neglect to provide health care resources for uniformed services. Further, international HIV/AIDS organizations rarely address the problems inherent in the military sector. Among Western nations, the United States stands alone in offering a program for African military forces. Keeping African militaries healthy, capable of protecting the state and its citizens, and able to participate in regional and international peacekeeping operations is directly related to U.S. foreign policy goals. Retaining African military personnel who have benefited from U.S. technical training, International Military Education and Training (IMET), and other capacity development programs for the duration of their careers is a sound investment.

Under provisions of the Department of Defense (DoD) HIV/AIDS Prevention Program, the DoD provided approximately \$7 million in Health Care funds in FY 2005 and will provide additional support in FY 2006. DoD's role under this program is limited to supporting training and education activities. The Naval Health Research Center in San Diego has been sending medical teams to sub-Saharan Africa as part of this two-year initiative. The teams assist with HIV prevention programs in 29 African militaries with the following objectives:

- Establish HIV/AIDS-specific policies for military personnel;
- Adapt and provide HIV prevention programs;
- Train military personnel to implement, maintain, and evaluate HIV prevention programs;
- Provide information/training to change high-risk HIV attitudes and behaviors among military personnel; and
- Integrate and make use of other U.S. government programs and those managed by allies and the United Nations.

FY 2007 Foreign Military Financing (FMF) funds are required to supplement the DoD HIV/AIDS Prevention Program effort through the procurement of laboratory and medical supplies, testing equipment, rapid test field kits, and associated training capabilities that will both complement and sustain the health care training initiative in African partner countries. All these activities are being integrated into the President's Emergency Plan for AIDS Relief ("the Emergency Plan") and are within the purview of the Global AIDS Coordinator.

## Regional Organizations

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	900	990	1,000

U.S. support of African regional organizations increases trade among African countries and the free flow of goods, services and capital within Africa, to achieve the goals of regional stability and economic prosperity and security. Regional economic integration can promote greater U.S. trade and investment in the region as small, isolated African economies combine to achieve the kind of market scale needed to attract U.S. traders and investors. Fostering economic integration and stability within Africa will be crucial in our fight against global terrorism. Strong operational African institutions will contribute in the long term to sustainable political and economic systems that are ultimately less dependent on donor support. The Regional Organizations ESF program will provide technical assistance to regional organizations such as the Common Market of Eastern and Southern Africa (COMESA); the Economic Community of West African States (ECOWAS); and the Southern African Development Community (SADC).

FY 2007 Regional Organizations Economic Support Funds (ESF) will be used to strengthen the institutional capacity of the organizations themselves and help them design the kinds of initiatives and programs that will contribute to regional economic integration, especially for opening markets, harmonizing tariff structures, and improving investment and sectoral policies. Improving capacity to meet World Trade Organization (WTO) standards; customs, border, and financial sector reforms that promote integration; and the development of regional capacity to respond to humanitarian crises are some of the goals that will be pursued.

While ECOWAS has seen notable success in West Africa in the area of conflict resolution, it does not have a strong record of achievement in fostering sub-regional economic integration, and is working to improve its performance in this area. A second area that requires strengthening is the organization's responsiveness to humanitarian crises. We will work with the ECOWAS secretariat to provide assistance that responds directly to its efforts to become more effective in both of these areas, while maintaining its demonstrated success in conflict resolution.

In working with COMESA, the primary focus will be on workshops, training, and the development of institutional linkages to promote the harmonization of investment codes and regional policies to promote greater trade among the member countries. There will be continuing support for training to strengthen capacity in the area of phytosanitary regulation, building upon and broadening earlier successes fostered through the regional USAID competitiveness hub. This will be especially important in our efforts to encourage countries eligible for the African Growth and Opportunity Act (AGOA) to take full advantage of their AGOA benefits as well as diversify their exports.

In recent years, U.S. relations with SADC became strained due to USG policy and legal restrictions on engagement with Zimbabwe. However, closer U.S. engagement with SADC, within the legal and policy limitations on relations with the Government of Zimbabwe, could promote U.S. interests in the region, including promotion of regional integration, democratic institution building, and building peacekeeping capability in southern Africa. ESF will be used to support SADC's efforts to lower tariffs and non-tariff barriers to trade among its members, develop a uniform commercial code for the SADC region, strengthen civil society and the rule of law, and support the implementation of some of the many SADC protocols – including Transport, Communications and Meteorology, Shared Watercourse Systems, and Anti-corruption.

**Safe Skies**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	3,472	2,970	3,000

The Safe Skies for Africa Initiative (SSFA) promotes sustainable improvement of aviation safety, security, and air navigation in Sub-Saharan Africa as a means of advancing economic development; combating terrorism, narcotics trafficking, trafficking in persons, and smuggling; and promoting U.S. exports. SSFA also encourages economic integration and growth, and facilitates the expansion of aviation links, expanding opportunities for business travel, tourism, and cargo movements.

SSFA recognizes that aviation safety and airport security are prerequisites for African economic development and will contribute to increased trade and investment between the United States and Sub-Saharan Africa. One specific goal of SSFA is to increase the number of African nations meeting International Civil Aviation Organization (ICAO) standards for safety and security, a goal achieved under the program by Cape Verde in 2003. On July 4, 2005, Cape Verde initiated direct flights to Boston. SSFA uses a country specific and regional approach, focusing efforts on Angola, Cameroon, Cape Verde, Kenya, Mali, Namibia, Tanzania, and Uganda.

Improved airport security is a vital component in our fight against international terrorism, and SSFA is an essential part of the President's 2003 East Africa Counter-Terrorism Initiative (EACTI). Under (EACTI), SSFA assistance to Tanzania and Kenya was continued and enhanced, and Uganda was brought into the program. Based on Federal Aviation Administration security surveys, the Safe Skies program supplied x-ray scanners, explosive trace detectors, and other security equipment to eight SSFA nations. FY 2007 funding will continue EACTI programs on a more modest basis. The security, safety and air navigation enhancements in FY 2007 will continue to directly support this Presidential Initiative.

Specifically, FY 2007 Economic Support Funds (ESF) will be used: 1) for safety, security, and air navigation technical assistance and capacity building to participating states and regional partners; 2) for regional conferences and other activities to promote improvement in regional aviation safety, security, and air navigation; and 3) to promote U.S. private sector aviation activities in Sub-Saharan Africa. In an effort to regionally coordinate an air navigation system, in late 2006, the Federal Aviation Administration (FAA) will donate approximately \$10 million of U.S. surplus airport surveillance radar systems intended to provide an additional level of security to U.S. facilities in the Safe Skies countries. Estimated cost to refurbish, train and install the surplus equipment is \$2 million.



## Trans-Sahara Counter-terrorism Initiative (TSCTI)

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	-	6,000
NADR-ATA	-	-	7,240
PKO	3,000	-	16,750

FY 2007 marks the first year that new funding for the Trans-Sahara Counter-terrorism Initiative (TSCTI) is being requested as part of the normal budget process. The Bureau of African Affairs views this major Deputy's Committee-approved, multi-year interagency initiative as critically important to the suppression of potential terrorist activities. TSCTI will expand engagement in the Sahel and across the Sahara, using civilian, police, and military programs to further strengthen border control and rapid response capabilities, as well as foster development among six important countries in the sub-region: Mali, Niger, Chad, Senegal, Nigeria, and (if the return to constitutional rule takes place in FY 2007 as promised) Mauritania.

FY 2007 Economic Support Funds (ESF) will be used, in close coordination with USAID, to support projects and programs aimed at strengthening civil authority and legitimate economic activity in the Sahel, to occupy those most empty, isolated spaces, and to deny the terrorists a free rein where they otherwise could (and are) recruiting and operating with too few restraints. The Group for Salafist Preaching and Combat (GSPC) organization, for instance, continues to pose threats to several trans-Sahel countries. Representative projects include youth programs, livelihood programs, support to local governments, media and radio, elections and democracy, rule of law, natural resource management, social service delivery, well drilling, community policing, small business programs, peace-building and conflict management programs, security sector reform programs, transparency and other similar programs.

FY 2007 ESF resources will also be used to encourage increased cross-border contact, coordination and cooperation east/west across the Sahel and north/south between countries in the Maghreb and the Sahel (e.g., drawing together leaders to focus on conflict resolution, expanding rural radio as an avenue for better communications to pass common messages, parallel work in Chad and Niger helping newly elected local officials, and efforts to attack health and education issues common to the region).

FY 2007 Non-proliferation, Anti-Terrorism, Demining and Related Programs funding (NADR) will be used to provide advanced Anti-Terrorism Assistance (ATA) training to TSCTI countries to improve border and aviation security, and overall counter-terrorism readiness, and to enhance civilian (police) counter-terrorism capability.

FY 2007 Peacekeeping Operations (PKO) funds for TSCTI will develop and enhance counter-terrorist capabilities of security forces in the region, including supporting activities that promote interoperability and facilitate coordination between the countries to counter common threats.

## Women's Justice Empowerment Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	-	7,250
INCLE	1,200	-	9,500

The Women's Justice and Empowerment Initiative (WJEI) was announced by President Bush on June 30, 2005. It is a three-year (2006-2008), \$55 million initiative to combat sexual violence and abuse against women in Africa. Ensuring that women are empowered to combat and overcome sexual violence in society is fundamental to human dignity and a critical factor for achieving sustainable economic development and social harmony.

Benin, Kenya, South Africa and Zambia are the four countries of focus for the initiative. Each country has already taken steps on its own to begin combating violence against women. The WJEI builds on their efforts and is tailored to the specific needs and challenges in each country. While the WJEI focus is on four countries, their successes and lessons learned should produce a ripple effect to other countries in their regions.

The causes of sexual violence are complex and varied but common contributing factors include: lack of awareness; laws and practices that discriminate against women and limit their access to economic and judicial resources; judicial systems ill-equipped to investigate and prosecute cases of sexual violence; and a dearth of services to assist victims of sexual violence.

WJEI projects in 2007 will address these factors using a three-pronged approach: 1) increase awareness of the need for women's justice and empowerment through high-level engagement, conferences, public awareness and education; 2) strengthen the capacity of the legal system to protect women from violence and punish violators by training police, prosecutors and judges in handling cases of sexual violence, and strengthening laws that protect and empower women; and 3) rehabilitate, reintegrate and empower former victims by bolstering the capacity of support, shelter, health care and counseling programs available to them. Resources from the Bureau of African Affairs' Economic Support Funds (AF/ESF) are expected to be used primarily for the first and third elements. International Narcotics and Law Enforcement (INL) Bureau funds will also support the WJEI.

The WJEI complements programs such as the President's Emergency Plan for AIDS Relief and combating trafficking in persons.

## EAST ASIA AND THE PACIFIC

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**Burma**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	7,936	10,890	7,000

Burma, strategically located between China and India in Southeast Asia, remains a high priority policy concern to the U.S. government. U.S. interests in Burma are focused on promoting democracy, supporting human rights and religious freedoms, as well as fighting HIV/AIDS, furthering effective counter-narcotics efforts, recovering World War II remains, and promoting regional stability.

U.S. government policies maintain pressure on the military junta, known as the State Peace and Development Council (SPDC), to engage in meaningful dialogue with the democratic opposition leading to genuine national reconciliation and the establishment of democracy. Nobel Peace Prize Laureate and Secretary General of the National League for Democracy (NLD) Aung San Suu Kyi has been detained since the brutal May 30, 2003 attack on her convoy and supporters. On November 27, 2005, the junta announced it was extending her indefinite detention for at least another six months.

The SPDC has ruled Burma since 1962, suppressing dissent and implementing policies that have led to a significant deterioration of the country's economy and social well-being. A National Convention to draft a constitution that would give the military a predominant role in any future government remains on track, despite the exclusion of the democratic opposition. The regime's sudden decision in November 2005 to immediately relocate the seat of government to an undeveloped town in the hinterland, where it has expended significant resources on construction, ignoring education, health, and Burma's other pressing needs, is further evidence of its intent to isolate itself from the international community and the Burmese people.

Burma's mainly agrarian economy is in shambles due to years of mismanagement by the junta, which has exploited the country's rich natural resources for its own benefit. The business and investment climate remains poor, trade continues to shrink, inflation is rising, and economic growth remains stagnant.

The United States does not provide bilateral assistance to the Government of Burma, and maintains sanctions against the regime. Measures include a ban on new investment in Burma by U.S. persons, a ban on the export of any financial services to Burma from the U.S. or by a U.S. person, a ban on the importation of Burmese products into the U.S., an asset freeze, and visa restrictions affecting persons who formulate, implement, or benefit from policies that impeded Burma's transition to democracy, which the Secretary of State has determined includes the past and present leaders of the SPDC and United Solidarity Development Association and their immediate family members. Other governments have also placed sanctions on the junta.

The U.S. remains committed to supporting democracy and meeting humanitarian needs. In FY 2007, Economic Support Fund (ESF) funds will continue to support democracy promotion, health and humanitarian assistance programs.

ESF funding provides critical support to capacity-building and education programs inside Burma and along the country's border with Thailand. These funds also support scholarships for Burmese to study abroad, and programs that foster independent media development. Supporting the democratic opposition is more critical now than in previous years due to the regime's increased repression.

To combat the growing HIV/AIDS epidemic, we will continue to fund non-governmental organizations (NGOs) that aim to heighten AIDS awareness, provide treatment and improve access to products and services designed to prevent HIV transmission. These programs are more urgently needed in the wake of the Global Fund to Fight AIDS, Tuberculosis and Malaria's August 2005 decision to terminate its Burma program. The U.S. Government is providing no assistance to Burma for avian influenza (AI) at this time although it does provide support to WHO and FAO in the global fight to contain the spread of AI. However, these international agencies have been unable to gain much information on the AI situation in Burma.

FY 2007 ESF funds will also provide critical aid to the growing number of displaced persons and victims of trafficking in Burma and Burmese migrants working along the Burma/Thai border. Such funds are an important supplement to Migration and Refugee Account (MRA)-funded programs already provided for Burmese refugees. This assistance will help ethnic populations maintain their cultural identities, build and strengthen grassroots democratic institutions, and maintains pressure on the SPDC to improve its human rights record and cease persecution of religious and ethnic minorities.

**Cambodia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	29,300	28,556	27,378
DA	8,950	5,487	6,597
ESF	16,864	14,850	13,500
FMF	992	990	500
IMET	-	49	45
NADR-HD	3,920	4,900	5,000
NADR-SALW	29	200	-
NADR-TIP	-	-	50

The U.S. government's national interests in Cambodia include: promoting democratic practices and good governance, increasing respect for human rights, supporting market-led economic development, fighting the spread of infectious diseases, particularly HIV/AIDS, tuberculosis, malaria and dengue fever; and assisting Cambodia to attain the capabilities to deny international terrorists use of Cambodia as a base of operations.

As a participant in the 1991 Paris Peace Accords on Cambodia, the U.S. government has a long-term interest in Cambodia's national reconciliation and reconstruction. Since the Khmer Rouge laid down their arms in 1997, Cambodia has enjoyed a period of relative peace and stability. However, Cambodia still lacks the human capacity and resources to meet its considerable development challenges. The central government lacks the financial resources and technical skills to develop its education and health care sectors, relying heavily on international donor assistance. Poor health infrastructure and low levels of education mean infectious diseases remain a serious public health problem. Despite notable reductions in the HIV/AIDS prevalence rate in recent years, Cambodia maintains the highest prevalence rate in Asia. The specter of an avian influenza (AI) pandemic is a cause of great concern and the government has sought international assistance to build surveillance and detection systems. Widespread corruption has led to weak rule of law and the concentration of power in the hands of the wealthy, biasing the government's institutions, particularly the judicial system, against its predominantly poor population. While Cambodia has hundreds of non-governmental organizations (NGOs) focusing on social issues and human rights, they often lack the training and capacity to organize effectively and are vulnerable to government intimidation.

Since 1997, legislative restrictions have prohibited U.S. government assistance directly to the Royal Government of Cambodia (RGC), with a number of exceptions provided over the last several years for assistance in areas such as health, education, and most recently, for rule of law programs. Assistance is almost entirely implemented through grants to NGOs or contracts with U.S. firms.

High infant mortality and high maternal mortality reflect the poor state of health care in Cambodia, especially outside of large cities. FY 2007 Child Survival and Health (CSH) funds will support maternal and child health programs to help build health system capacity and meet the reproductive, family health and infectious disease needs of Cambodia's rural population, including providing children's vitamins and maternal health education. CSH funds also will provide training of health care providers, and outreach services for those infected with HIV/AIDS. A preparedness plan for AI has been developed and USAID is assisting in developing a responsive surveillance system.

FY 2007 Development Assistance (DA) funds will improve basic education through implementation of new school standards and training of teachers in a new primary curriculum, and to increase educational

opportunities for disadvantaged populations, including disabled students, tribal groups and Muslims. These programs aim not just to increase the quality of basic education, but also to keep more children in school.

FY 2007 Economic Support Fund (ESF) funds will focus on improving political and economic governance and building the capacity of human rights monitoring organizations. These funds will support democratic political party development, expand women's participation in politics, promote a more transparent judiciary, address natural resource and other economic management issues and improve private sector competitiveness through training of middle managers. Human rights programs will focus on strengthening the skills of organizations to monitor, investigate and follow-up on human rights abuses. Anti-trafficking programs will help train police in investigation skills and provide assistance to organizations that provide services to victims.

FY 2007 Foreign Military Financing (FMF) funds will provide training and non-lethal military equipment to modernize border and naval units of the Royal Cambodian Armed Forces and increase their ability to operate jointly with Ministry of Interior and National Police border units. Cambodia has been responsive to United Nations and regional calls for action in the fight against terrorism, but lacks sufficient resources and capability to do so effectively. In addition, FY 2007 International Military Education and Training (IMET) funds for Cambodia will provide training and education to the Cambodian military in order to improve its border surveillance and control. These activities are relevant to improving Cambodia's counter-terrorism, counter-narcotics, and anti-piracy efforts.

Cambodia is eligible to receive Excess Defense Articles (EDA) in FY 2007 under Section 516 of the Foreign Assistance Act. EDA will help enhance Cambodia's border patrol capabilities and support counter-terrorism and counter-narcotics efforts.

Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) Humanitarian Demining Program (HD) assistance will support the ongoing humanitarian demining program, which is administered through an independent contractor and NGOs. Cambodia is among the top five nations in the world for the number of landmine victims, with over 800 casualties per year. It is conservatively estimated that at the current rate of demining, it will take 15-20 years to reach a "mine safe" condition. In 2004, the Cambodian government convicted six individuals of plotting to bomb Western embassies in Phnom Penh. Weak border controls make Cambodia vulnerable to infiltration by terrorist groups for training or operations. FY 2007 NADR Terrorist Interdiction Program (NADR/TIP) funds will be used to sustain a computerized system for collecting, comparing and analyzing traveler data to identify possible terrorists, and provide for software upgrades to the system as they become available.



**East Timor**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	500	-	-
ESF	21,824	18,810	13,500
FMF	1,023	990	500
IMET	364	297	320
INCLE	-	1,485	-
P.L. 480 Title II	994	-	-
Peace Corps	1,372	1,632	1,703
PKO	1,228	-	-

The U.S. has important political and security interests in East Timor. The people of East Timor celebrated full independence on May 20, 2002, completing a rapid transition from United Nations (UN) administration to self rule to include the development of a constitution, election of President Xanana Gusmao, and transformation of the Constituent Assembly to the National Parliament. A small UN political mission—the UN Office in East Timor (UNOTIL)—replaced the larger peacekeeping UN Mission of Support in East Timor in 2005. UNOTIL is currently scheduled to close on May 20, 2006. The Government of East Timor was one of the first countries in Asia to sign an Article 98 agreement with the U.S. and has expressed interest in receiving counter-terrorism training from the United States.

East Timor is the newest country in the world as well as one of the poorest. Its health and economic indices are among the worst in the world. The establishment of East Timor as a mature and stable democracy with a free and productive economy will continue to require substantial institution building in FY 2007. Significant efforts to promote private sector development, consolidation of democratic institutions, a functional and professional legal system, and targeted improvements in the struggling health system will require continued U.S. economic support. Additional needs will be occasioned by the economic, political, and social impact of the expected closure of UNOTIL.

The United States will continue to help East Timor with assistance aimed at establishing a stable and secure democratic government, a growing market economy, and a health care system that works effectively to reduce high rates of morbidity and mortality, particularly among women and children. The emergence of a viable, democratic East Timor that is integrated politically and economically into regional and global structures and markets continues to be a U.S. goal.

The top priority for the FY 2007 Economic Support Fund (ESF) funds requested will be to support private sector led growth of East Timor's economy, whose infrastructure—never highly developed—was seriously damaged by a campaign of violence after East Timor voted for independence in 1999. ESF funding will help establish prosperous trade links with other nations in the region and integrate East Timor into the global economy. To promote trade and economic development and to alleviate poverty, ESF funds will continue to support sustainable private sector development with particular emphasis on the development of niche market commodities (such as vanilla) and improve agricultural diversification and productivity. ESF funding also will assist financial service providers, especially micro-finance, to be more responsive to client needs and market demand.

In addition, ESF funds will promote crop improvement and diversification, initially focused on domestic consumption to minimize dependence on imported goods that can be efficiently produced in East Timor. An important component of this activity will be to develop improved links between farms and domestic

markets. The funds also will support economic advisors and technical assistance to the governmental entities whose policies will determine the environment in which these economic enterprises will operate.

Furthermore, ESF funds will support the improvement of the foundations of governance by strengthening the rules of law and expanding more effective democratic governance. Activities will focus on the forthcoming national elections, increasing women's participation in governance, improving management and service provision in the justice sector and increasing transparency and accountability of government. Funding will continue to support a health program to reduce the country's child and maternal mortality rates, both of which are the highest in Asia and among the highest in the world. Finally, ESF funds will be used to contribute to an extension of the World Bank-administered Transitional Support Program, which assists East Timor's nascent governing structures and provides critical backing for implementation of the National Development Plan promoting priorities in basic education, health, and poverty reduction.

East Timor has established a modest defense force, Timor Leste Defense Force (FDTL) of 1,500 active duty personnel. Although East Timor's security will depend in large measure on good relations with neighboring countries, the new nation will require a military that is trained and equipped with items needed for basic self-defense, including support, communications, transportation, and equipment.

FY 2007 Foreign Military Financing (FMF) funds will help ensure the establishment of an appropriately equipped force by facilitating the acquisition of basic military equipment. These funds will focus on three key objectives: (1) creating and consolidating a competent defense establishment which provides policy and strategic direction for the FDTL under the rule of law; (2) aiding FDTL to gain the capabilities required to perform civic actions and respond to natural disasters and other emergencies; and (3) training, preparing, and equipping FDTL to defend the sovereignty and integrity of the country by deterring aggression, defeating incursions, and delaying enemy forces until external help arrives. Particular emphasis will be placed on promoting maritime security.

The 2007 FMF program is part of a multi-year effort that has been coordinated with the Department of Defense. The funds will be used to: (1) provide developmental assistance in concert with maritime equipment and technical training focused on the creation of a maritime security structure within the defense and security arenas; (2) deploy Mobile Training Teams and provide U.S. resident-based training which will help develop the capabilities of the defense establishment in areas including leadership, resource management, civil-military relations, medical, and logistical skills; (3) provide logistical assistance to FDTL and assist it in developing its own logistical capabilities and raising the operational rate of vehicles/equipment, and (4) procure other material needed for core military operations, including the involvement of the military in civic action projects.

The FY 2007 International Military Education and Training (IMET) program will continue to support the transition of FDTL from a guerilla army to a democratic, professional, and effective force. Initial funding has supported English language training. In FY 2007 IMET funds will support FDTL attendance at entry-level Professional Military Education courses. Civilians will be included in IMET training to promote improved transparency, budgeting, logistics, and management. IMET funds will facilitate the development of a professional military force as East Timor becomes more responsible for its security after UNOTIL's departure in 2006. It also will play a key role in the development of maritime security and civil-military capabilities.

East Timor will be eligible in FY 2007 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objectives of supporting East Timor's self-sufficiency, disaster management and humanitarian assistance relief, as well as of developing a professional, effective defense force.

The level of Peace Corps volunteers has steadily increased in East Timor in the past five years, reaching a high of 55 volunteers in 2005, almost double the number in 2004. Volunteers work on grass roots health promotion and community economic development in 10 of the country's 13 districts. All are fluent in the local language (Tetum) and live and work in rural villages. It is projected that 80 Volunteers will be in-country by the end of FY 2007.

In FY 2006, the Millennium Challenge Corporation announced that East Timor was eligible to receive assistance under the Millennium Challenge Account (MCA). East Timor is now working on a transformational compact proposal to submit to MCC that could provide significant resources to support poverty reduction through economic growth.

**Fiji**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	248	495	250
IMET	268	248	270
Peace Corps	1,829	1,848	1,901

Since the coup and military mutiny of May 2000, Fiji's government has resolved political differences between its ethnic communities in a manner consistent with Fiji's constitution. In September 2003, military-to-military relations were normalized, allowing for full U.S. security assistance to resume. U.S. interests in Fiji include encouraging stable and democratic government, promoting economic prosperity by facilitating U.S. trade and investment and supporting efforts to open markets and promote broad-based growth. The U.S. and Fiji work together in regional organizations such as the Pacific Islands Forum and the Pacific Community. In December 2003 Fiji signed an Article 98 Agreement with the U.S. government.

Over the years, Fiji has contributed troops to multilateral peacekeeping missions in Lebanon, Zimbabwe/Rhodesia, Afghanistan, Pakistan, Sinai, Kuwait, Somalia, Rwanda, Bougainville and East Timor. In 2003, Fiji contributed military and police forces to the Australian-led effort to restore peace and stability in the Solomon Islands. Also, Fiji has fielded two deployments to Iraq to provide security for the United Nations.

After years of absence from the International Military Education and Training (IMET) program, there is an extensive gap in U.S. trained Republic of Fiji Military Forces (RFMF) officers. While some senior officers previously had the opportunity to participate in the program, mid- and junior-grade officers and non-commissioned officers have only recently become eligible, and they now are the primary targets of IMET. Professional military education programs that highlight the role of the military in a democracy and human rights issues are the priority for FY 2007 IMET funds; a secondary focus is to train a cadre of maintenance personnel and establish an equipment maintenance program to better support U.S.-origin equipment procured through the Foreign Military Financing (FMF) program.

The FMF funds requested for FY 2007 will help provide essential equipment for the Fijian Defense Force. In FY 2007, FMF funds will enhance Fiji's ability to continue making valuable contributions to U.S. and multinational peacekeeping activities worldwide. Funds will procure equipment necessary to participate in peace support operations, including individual soldier equipment such as body armor and night vision devices and interoperable tactical communications equipment.

Fiji is eligible to receive Excess Defense Articles (EDA) in FY 2007 under Section 516 of the Foreign Assistance Act. EDA will also support Fiji's legitimate defense requirements and its ability to contribute to regional peacekeeping endeavors.

The Peace Corps' program in Fiji promotes development in areas such as education, environmental management, youth development, health, agriculture, and small business development. Peace Corps has maintained a presence in the Pacific since 1966, and over 16,000 Americans have served as volunteers in the region. Today, there are 38 volunteers working in Fiji.

**Indonesia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	37,100	28,017	27,507
DA	27,848	33,212	26,724
ESF	68,480	69,300	80,000
FMF	-	990	6,500
IMET	728	792	1,285
INCLE	-	4,950	4,700
NADR-ATA	5,987	5,542	6,141
NADR-CTF	-	100	1,180
NADR-EXBS	275	450	450
P.L. 480 Title II	10,489	-	24,000

Indonesia, with its vibrant democratic transition and reputation for religious tolerance – along with the world’s fourth largest population -- is an emerging success story in South East Asia of great strategic importance to the United States. In 2004, Indonesia held a successful series of elections culminating in the direct democratic election of a new president. The successful elections, and further government reform that followed, continued the democratic transition that Indonesia has undergone since the autocrat Soeharto resigned in 1998 after three decades in power. Indonesia is the largest majority Muslim country in the world, and is known for its moderate, pluralistic, and tolerant practice of Islam. The new government is a strong public advocate of inter-faith dialogue, anti-corruption, economic growth, and democratization. An Indonesia that is democratic, moderate, economically stable, and transparent will exemplify the importance of freedom to create prosperity, enhance regional stability and counter attempts by Islamic extremists to undermine governments and civil society in the region. As Indonesia gets serious about improving its governing institutions, we have a remarkable window of opportunity to engage more actively with Indonesia on anti-corruption work, counterterrorism, and economic development and growth.

Indonesia continues to cooperate with the U.S. and regional players on improving its law enforcement capabilities to counter terrorist attacks and financial crimes associated with them. The government has arrested more than 130 terrorists since the 2002 Bali bombings and has convicted more than 100. Most recently, the Government of Indonesia (GOI) faced the challenges of another terrorist attack in Bali in October 2005, which killed 22 and injured 120 individuals. The ongoing threat of terrorism serves as a reminder to both the GOI and the international community that much remains to be done to build upon the progress that has been achieved to date. U.S.-trained counter-terrorist police killed Indonesia’s most wanted terrorist during an intense firefight in November 2005.

On the development front, the GOI faced severe disaster relief and recovery challenges following December 2004 earthquake and tsunami in Aceh and the March 2005 earthquake on Nias Island. These circumstances, coupled with being on the front lines of the world-wide fight against avian influenza, polio, and HIV/AIDS, made 2005 a challenging year for development goals in Indonesia. These circumstances offer both monumental challenges and historic opportunities to help Indonesia succeed in its political and economic development. The successful Aceh peace accord between the GOI and the Free Aceh Movement following the tsunami exemplifies the opportunity at hand. Continued U.S. assistance is critical to ensure that former rebels are peacefully integrated into society.

Economically, Indonesia continues to struggle with the investment and confidence collapse that followed the 1997-98 Asian financial crisis. Foreign investment flows are weak and foreign investors remain concerned about corruption, investment disputes, and legal barriers to doing business in Indonesia. The GOI's new public commitment to anti-corruption has increased the confidence of the business community, but more reform is needed at local levels. The key to future growth relies on continued internal reform, increasing confidence of foreign and domestic investors, and strong global economic growth. The development challenge is long-term: over half of Indonesians subsist on less than US\$2 per day.

U.S. government programs in Indonesia seek to work with Indonesia to strengthen the institutions and sectors that deal with anti-corruption, counterterrorism, and economic development and growth – the major issues facing Indonesia today. However, our focus on democratic and educational development and strengthening of social institutions also targets our mutual long-term interests of political stability and sustainable development.

Among the most important U.S. assistance programs in Indonesia is President Bush's education initiative, begun in FY 2004 and planned to continue through FY 2009, which targets 100 local governments and four million students (10 percent of all students) for basic education reform. In FY 2005, the programs trained 24,000 teachers and administrators in seven provinces, directly reaching an estimated 300,000 students in both public and private schools. Support for improvements in higher education expanded as well, through American Corner collections and free internet services in 10 university libraries, five of which now include Digital Video Conferencing (DVC) equipment for distance learning and conferencing, additional funding for 15 Fulbright scholarships to increase teaching and research capacity, and 10 English Language Fellows who provided pedagogical training and Teacher of English to Speakers of Other Languages (TESOL) curricula improvements in institutions throughout the country, including colleges and universities in the Ministry of Religious Affairs system. This \$157 million education initiative, funded through multiple accounts, is the foundation that strengthens other democracy and economic development work.

FY 2007 Child Survival and Health (CSH) funds will advance Indonesia's development goals by improving the provision of higher quality basic human services. CSH funds will provide technical assistance and training activities at the local level to improve Indonesian health and nutrition for vulnerable women and children; improve access to water services and cleaner water under the President's Water for the Poor Initiative; reduce the spread of infectious diseases such as tuberculosis, malaria, polio, and avian influenza; and prevent HIV/AIDS.

For FY 2007, Development Assistance (DA) funds are requested to support basic education initiatives, increased support for university partnerships and potentially for participant training. DA funds will support technical assistance and training activities that increase the quality of basic education and provide higher quality basic human services. Funds also will provide for technical assistance to strengthen natural resource management and biodiversity conservation. Additional DA funding will be used to support programs under the President's Water for the Poor initiative, complementing proposed CSH support for certain elements of the "basic human services" program.

The FY 2007 Economic Support Fund (ESF) funds for Indonesia will support technical assistance and training activities that will: combat financial crime and corruption, improve the quality of education, promote participatory, transparent, and accountable decentralized governance, democracy and human rights; promote economic growth and prosperity, and support enhanced public diplomacy programs.

ESF funds will support Indonesia's democratic reform efforts during this critical next phase of the country's transition from authoritarianism to democracy. The goals are to improve the justice sector; to address corruption; to promote tolerance and to focus on strengthened participatory, transparent, accountable governance at the local level. ESF funds will help stabilize conflict situations in strategic areas of

Indonesia, such as Aceh, Papua and Central Sulawesi, where it will be used to engage parties in dialogue, address root causes of conflict, and assist victims, including over one million internally displaced persons. Funds also will promote increased civilian oversight of the military, reduced trafficking in persons, and improved legislative drafting.

FY 2007 ESF funds targeted at economic growth will help key economic institutions develop and implement policies that will improve conditions for trade and investment. This work is important given the economic context: Indonesia has regained macroeconomic stability after the 1997-8 Asian financial crisis, but current GDP growth is insufficient to absorb new entrants to the workforce and reduce poverty. Indonesia's economy did grow 5.7 percent in FY 2005 due to increased investment and exports but continued unpredictability in the investment climate still prevents the flow of significant foreign investment. Funds will provide technical assistance to: improve the business climate and financial services sector, improve private sector competitiveness, decrease corruption, combat terrorist financing, increase agricultural sector productivity, create jobs, and increase trade and investment.

ESF funds also will support enhanced public diplomacy activities such as assistance to civic and community organizations, internship programs for local legislators and members of the justice sector to enhance democratic reforms and accountability in government, programs for Indonesian journalists to strengthen the quality of Indonesia's free press, and youth exchange programs focusing on conflict resolution, human rights, and rule of law.

FY 2007 Foreign Military Financing (FMF) funding will address significant shortfalls in the areas of democratic civil-military reform, transport, counterterrorism, maritime security, and crisis response (including disaster relief and peace operations). Indonesia's key location along strategic sea lanes makes its ability to provide security and order within and along its borders imperative. Funding will help improve the Indonesian Navy's capacity to monitor its waterways, especially in the strategic Strait of Malacca and terrorist transit areas around the Sulu and Sulawesi Seas. Improved coordination with other Indonesian agencies and nations will be part of these goals. Democratic reform of defense institutions, especially in terms of organization, processes, roles and missions and professionalism, is another area that will be addressed. Indonesia will be eligible to receive Excess Defense Articles (EDA) in FY 2007 under Section 516 of the Foreign Assistance Act, which can be used to help meet equipment needs.

FY 2007 International Military Education and Training (IMET) funds for Indonesia will continue to build upon the ongoing reform program and professionalization of the Indonesian military. Indonesia became eligible for the full range of IMET courses in February 2005 after a hiatus of more than a decade. The early days of the international response to the December 26, 2004 earthquake and tsunami illustrated the need for increased professional links between the Indonesian and U.S. militaries. It also became clear that Indonesian officers have limited English language ability and would benefit from side-by-side training with U.S. personnel. Due to the military's influential role in society, democratic civil-military reform is a coordinated two-part process, involving strengthening the civilian defense institutions at the same time that the military is professionalized. FY 2007 IMET funding will complement the efforts of other programs in facilitating the development of a professional military that is both able to carry out its defense tasks and remain responsive to the civilian national command authority.

Indonesia is a center of transnational criminal activity and home base for international terrorist groups that threaten the region, U.S. allies, and the United States. Indonesia recognizes the need for and has requested assistance with police recruitment and basic and advanced training, marine police reform, environmental crimes, cybercrime and financial crimes, drug law enforcement and criminal justice reform. Training, technical assistance and equipment provided under the FY 2007 International Narcotics and Control and Law Enforcement (INCLE) request will support the development of the Indonesian National Police and its Marine Police component into modern and effective civilian forces respectful of the rule of law and human

rights. This request covers funding for the International Criminal Investigative Training Assistance Program (ICITAP) program (including Marine Police, forensic science, anti-corruption and better management practices), counter-narcotics assistance, and a Resident Legal Advisor, an experienced terrorism prosecutor who will work directly with and train Indonesian prosecutors.

The FY 2007 Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Antiterrorism Assistance (ATA) Counterterrorism Training Program for Indonesia will further enhance investigative, command and control, and management capacity as the Indonesian National Police expand their Counterterrorism functions. Counterterrorism investigations courses will include the basic investigative Preventing, Investigating and Interdicting Acts of Terrorism (PIIAT) course, post-blast investigations (PBI), tailored cyber-terrorism consultations with equipment grants, and protection of digital infrastructure (to include cyber terrorist tracking). Force integration and operational planning training will be offered to those officials in key command and control positions, while senior leaders and operational-level tactical commanders will participate in crisis management seminars and scenario-driven exercises. Management training will include major case management and senior crisis management. ATA also plans on conducting Antiterrorism Maritime courses to improve anti-terrorism capacity in ports and at sea.

NADR Export Control and Related Border Security (EXBS) for FY 2007 will fully implement this program as it matures. Initial program priorities were to establish a legal/licensing infrastructure for controlling strategic exports as well as ensuring the requisite legal authorities were in place to enforce these laws. The cost of the program goes up as the level of program implementation expands to include greater emphasis on enforcement (i.e. the procurement of detection equipment, as well as specialized inspection, investigative and incident response training), cooperation with maritime border security forces and extends to additional seaports.

The requested FY 2007 NADR Counterterrorism Financing (CTF) funds will be used to continue to curb money laundering and funding flows to terrorists and extremists. The U.S. will support the key responsible GOI institutions (the Central Bank, the Financial Intelligence Unit and the National Police) with on-the-ground U.S. expertise in the form of Resident Legal Advisor from the U.S. Justice Department, a Resident Law Enforcement Advisor, and specialized training programs in countering illicit financial transfers through cash couriers and bulk cash smuggling.



**Laos**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	-	500
IMET	-	49	45
INCLE	1,984	990	900
NADR-HD	2,500	3,300	3,400

The U.S. government has five main policy goals in Laos: (1) achieving the fullest possible accounting of POW-MIA cases from the Indochina conflict; (2) promoting respect for human rights, including religious freedom; (3) implementing economic reforms; (4) cooperating on counter-narcotics programs, and other efforts to combat transnational crime; and (5) assisting in the removal of unexploded ordnance (UXO) from the Indochina conflict.

Laos is one of the ten-poorest-countries in the world. The Lao government is taking steps to improve its citizen's standard of living, particularly through the implementation of its National Growth and Poverty Eradication Strategy. The government is seeking to promote investment in Laos by undertaking economic and legal reforms in order to foster a more attractive investment climate. In February 2005, the U.S. and Laos began implementation of the bilateral trade agreement. Laos has increased its engagement with the international community; in 2005, it held the chair of the Association of Southeast Asian Nations (ASEAN).

Laos, however, faces several challenges in its attempts to implement its development goals. Despite the government's attempts to attract investment, the limited capacity of businesses and the limited rule of law in Laos makes its job all the more difficult. The Lao government is pursuing several hydro-power projects, but it is not certain that they will be implemented. Moreover, Laos faces a number of challenges to its productivity and security. It is a major opium producing country, serves as an increasingly important drug transit point, and faces a rapidly growing problem with methamphetamine usage. UXO continues to wound and kill a significant number of Lao citizens; in addition, UXO contamination renders many plots of lands unusable, thereby inhibiting efforts to expand agricultural production and infrastructure development. Concerning other transnational issues, the Lao have publicly announced their support for U.S. government efforts in the global war on terror. They have signed an Article 98 agreement, issued an assets-freeze order, and acceded to eight of the twelve U.N. anti-terrorism conventions.

FY 2007 Economic Support Fund (ESF) funding will promote economic and judicial reform in Laos, a key component of our efforts to expand transparency and openness in Laos. Funds will seek to strengthen Laos' legal system by training judges, prosecutors, lawyers and other members of the legal profession. ESF funding also will assist the Lao with implementation of the Bilateral Trade Agreement and work toward WTO accession in specific areas of intellectual property rights enforcement. It will also aid the National Assembly in reviewing trade legislation, modernizing contract law and developing a unified investment code.

FY 2007 International Military Education and Training (IMET) funds will support POW/MIA accounting efforts through English-language training programs for Lao citizens involved in Joint Task Force (JTF) activities. This assistance should increase the ability and speed of communications between U.S. and Lao personnel, thereby enhancing the efficiency of JTF activities.

Laos is eligible to receive Excess Defense Articles (EDA) in FY 2007 under Section 516 of the Foreign Assistance Act. EDA items, including communications equipment and transportation assets, will support U.S. counter-narcotics and POW/MIA goals as well as demining activities.

The FY 2007 request for Humanitarian Demining (HD) programs under the Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) account continues the U.S. government's commitment to assist Laos in clearing UXO and landmines from areas heavily bombed during the war. U.S. government funding will support humanitarian mine action (HMA) activities of non-governmental organizations (NGOs) and international organizations. It also will help in the establishment of the National Regulatory Agency (NRA), the entity responsible for managing HMA programs and the implementation of the national strategic plan for UXO removal. This increased funding will enable the U.S. government, the Lao government, and their partners to build on the significant progress made in removing UXO and to expedite reaching the goal of making Laos free from UXOs.

FY 2007 International Narcotics Control and Law Enforcement (INCLE) funds will provide support to alternative development, law enforcement, and crop-control programs. The principal focus of INCLE funds will be road construction projects in Luang Prabang province; these roads provide market access to farmers growing crops other than opium, an important program if alternative development efforts are going to be viable in the long run. INCLE funds also will support training and maintaining special counter-narcotics police units, implement demand-reduction projects to treat drug addicts, and assist in public outreach against drug use.

**Malaysia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	1,100	891	885
NADR-ATA	2,181	1,112	3,065
NADR-CTF	70	100	-
NADR-EXBS	120	420	400

Malaysia, a key Muslim-majority state in Southeast Asia, cooperates closely with the U.S. in counter-terrorism, military relations, trade and education. Malaysia has been an especially important partner in the global campaign against terrorism. In 2003 the Government of Malaysia (GOM) established the Southeast Asia Regional Counterterrorism Center (SEARCCT) at which the U.S. is a leading training partner. The U.S. is Malaysia's principal export destination and its largest source of foreign direct investment. As the United States' 10th largest two-way trading partner, Malaysia is an important market for U.S. goods and services.

From its strategic position along the Strait of Malacca and the South China Sea, Malaysia devotes considerable resources to maintaining safe and free shipping lanes for commercial and military vessels. In FY 2007, the United States will work to further enhance U.S.-Malaysian cooperation on maritime security, both bilaterally and in multilateral fora. Malaysia currently serves as the Chair of the Standing Committee of the Association of Southeast Asian Nations (ASEAN). Malaysia is an influential voice on Islamic issues and is currently the Chair of the Organization of the Islamic Conference (OIC). Malaysia also is the current chair of the Nonaligned Movement (NAM). Malaysia is playing a positive role in the peace process in the southern Philippines by facilitating talks between the Philippine Government and the Moro Islamic Liberation Front (MILF) and has provided personnel to the International Monitoring Mission in Aceh.

International Military Education and Training (IMET) funds for Malaysia have resulted in additional benefits, such as the formation of good working relations with the Malaysian military. The Malaysian military shares our fundamental values about the military's role in society, and military-military and civilian-military cooperation is broad, open and active. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's Chief of Defense Forces, Chief of Air Force and Chief of Navy are all IMET graduates. Exposure to U.S. ideals promotes respect for human rights throughout a key branch of Malaysia's government; the Malaysian military has not been involved in systematic violations of human rights. IMET also will enhance Malaysia's ability to participate in international peacekeeping activities.

FY 2007 IMET funds will contribute significantly to regional stability by strengthening U.S. - Malaysian military-to-military ties and familiarizing the Malaysian military with U.S. doctrine, equipment, and management techniques. IMET also will reinforce the Malaysian military's commitment to human rights and good civil-military relations and help expand our cooperation with Malaysian military leaders. Malaysia has been active in multinational peacekeeping operations, which necessitate training that promotes interoperability. Malaysia also is engaged in training that will improve the military's ability to combat narcotics trafficking and money laundering operations.

Malaysia will continue to be eligible in FY 2007 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S objectives of maintaining a stable and cooperative military relationship and improving Malaysia's peacekeeping capabilities.

Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Antiterrorism Assistance (ATA) funds will support bilateral programs. Also, to add efficiency and promote regional cooperation in counter-terrorism policy with Malaysia's neighbors, the U.S. will continue to support SEARCCT. NADR/ATA funds will support training courses and a SEARCTT liaison officer.

As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the U.S. plans to provide NADR Export Control and Related Border Security (EXBS) funds for cooperative programs in Malaysia. FY 2007 NADR/EXBS funding is focused on improving enforcement, maritime security, and industry outreach procedures and capabilities.

**Mongolia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	9,920	7,425	7,500
FMF	992	2,970	3,000
IMET	1,009	866	910
Peace Corps	1,694	1,876	1,956

As the first communist country in Asia to reform its economy and political system concurrently, Mongolia provides an important example of how to manage the transition to a private sector-led market economy within a democratic political framework. The U.S. has a clear national interest in supporting Mongolia's transformation into a secure, democratic and prosperous country that can contribute to the stability of the Asia Pacific region. Mongolia's active participation in the ASEAN Regional Forum (ARF) and its consistent support for U.S. policy goals in the East Asia/Pacific region (the Six Party Talks and the de-nuclearization of the Korean Peninsula) and for the global war on terrorism (its commitment to peacekeeping and reconstruction in Iraq and Afghanistan), are tangible demonstrations of the effectiveness of U.S. assistance to Mongolia. Since the early 1990's, U.S. economic and military assistance to Mongolia has supported Mongolia's transformation to a market-oriented democratic society with appropriately trained and equipped modern armed forces able to participate in international peacekeeping missions and border forces able to secure Mongolia's borders.

The current Economic Support Fund (ESF)-funded economic assistance strategy focuses on two of Mongolia's most pressing concerns -- developing sustainable private sector-led economic growth and more effective and accountable governance. Efforts to promote sustainable, private sector-led growth are focused at the policy, private sector and "grassroots" levels. Under The Economic Policy Reform and Competitiveness Project (EPRC) project, a comprehensive, bipartisan "competitiveness-based" tax reform package was developed and submitted to Parliament in FY 2006. This package could have far-reaching effects on the Mongolian economy, including a reduction in private sector investment costs that will help increase foreign direct investment.

U.S. implementing partners will assist with key steps in the consideration of this package, including the conduct of workshops for the Parliamentary Tax Working Group. U.S. assistance will continue to target power sector reform and eventual privatization as crucial steps toward improving the overall environment for growth. The EPRC Project will support the implementation of a new private sector equity fund. This fund has the potential to dramatically increase the availability of investment capital in the country. Focus will be on implementation of new tax reforms through assistance to revenue departments and private companies and helping to prepare individual energy companies for privatization. At the grassroots level, business training and micro-loans provided to poor migrants from rural to urban areas and to poor herders and herder-related businesses in the harsh Gobi Desert region helps to reduce poverty by creating sustainable livelihoods and jobs and to extend knowledge about the market economy, including sound business practices, to a much larger segment of the population. As a result, over 700 small businesses were either created or significantly strengthened during FY 2005, and 1200 people were placed in jobs.

In 2007, the emphasis will remain on strengthening individual businesses, but other activities will include the elimination of specific regulatory bottlenecks to private sector growth. U.S. funding will also work to expand opportunities for small, poorer businesses to sell products to larger companies. Results have demonstrated that connecting small businesses with larger companies offers considerable potential for new job creation and can be a source of increased sales. The FY 2007 ESF program will be used to support the

crucial areas of policy reform, competitiveness and democratization. Progress in these areas will be critical to assuring Mongolia's continued eligibility for the Millennium Challenge Account (MCA).

Within the democracy and governance sector, the Judicial Reform Project (JRP) has helped the court system train every judge in the country, improved case management and court administration, introduced new approaches to continuing legal education, and addressed corruption in the legal sector. All Mongolian courtrooms are now fully automated, and public access to information is increasing dramatically. In FY 2006, assistance under JRP will focus on training prosecutors and advocates to ensure that all justice sector personnel are knowledgeable about new criminal and civil codes. Customer service will be addressed through improved procedures in courtrooms that will help people better understand and exercise their judicial rights. In FY 2007, the JRP will expand programs to increase transparency in the courts and continue to strengthen the Special Investigative Unit and the Judicial Disciplinary Committee. Furthermore, the JRP will focus on implementing new and improved court procedures, broadening the availability of case information through the use of new technology, strengthening the independent advocates association and expanding legal training to local level jurisdictions nationwide.

Important challenges remain. About 33 percent of Mongolians live below the poverty level, the judiciary and civil society remain weak, corruption remains high, public access to the decision-making process is limited, and Parliament has yet to emerge as an effective overseer of the executive branch. Recent studies indicate that opportunities for corruption are increasing in Mongolia at both the "petty" or administrative and "grand" or elite levels. There is time to counter these trends and to take further action before the corruption problem gets out of hand. In general, the main need in Mongolia is for effective disincentives for corrupt behavior at both the administrative and political level. In FY 2007, ESF assistance will address Mongolia's intractable corruption problem by mobilizing civil society groups to advocate for and monitor the implementation of more effective anti-corruption laws. The initial focus will be on conflict of interest legislation, complemented by public awareness campaigns and training for the media in investigative journalism. In addition, the Judicial Reform Project will continue its support to the Special Investigative Unit (SIU) of the Prosecutor's Office, which investigates complaints of corruption against judges, prosecutors and advocates.

Work to strengthen Parliament will also continue. The Mongolian Electoral and Parliamentary Support Project will focus on the implementation of the Parliamentary Procedures Law and enactment of a new Ethics Law for members of parliament. This effort will include continued support to implement new ethics rules and procedures. The project will work to help establish a capacity within the Parliament to carry out policy research and analysis; support will be provided to strengthen the participation of women. Although the proportion of women in the political process is still strikingly low, Parliament is pushing for final passage of a law requiring that a minimum of 30 percent of Parliamentary candidates be women.

Mongolia must be able to protect and maintain its own borders and to cooperate with its neighbors and regional partners to combat transnational crimes, such as cross-border trafficking of narcotics and people, and to prevent terrorists from entering and transiting the country. Mongolia shares a 4,700-mile border with China (2,800) and Russia (1,900). North Korea is 500 miles to Mongolia's east.

The FY 2007 Foreign Military Financing (FMF) request will assist the FMF-funded border communications project, which will greatly enhance Mongolia's ability to deal with transborder issues, including illegal drug and goods trafficking. The first phase aimed to connect the capital to the Russia-bordered Western province of Uvs by 2006. In 2007, the U.S. Government will begin work to connect the Russia- and China-bordered eastern province of Dornod to the capital.

The FY 2007 International Military Education and Training (IMET) programs for Mongolia's Armed Forces support Basic and Advanced Officer training, civilian control of the military, military justice, respect

for international human rights standards and preparation for participation in peacekeeping operations. Such education is essential if Mongolia's military is to continue to move away from Soviet-era military doctrine, policy and procedures. In FY 2007, Expanded IMET (E-IMET) courses will train senior leadership and promote military reform and restructuring. IMET-funded language and professional military training have not only strengthened U.S.-Mongolian military ties but also built a cadre of pro-U.S. reformers in the most critical leadership positions in the armed forces. The commanders who led all of Mongolia's rotations in Iraq, a majority of the Department Directors in the Ministry of Defense and the commander of Mongolia's first United Nations peacekeeping deployment to Sierra Leone are IMET graduates. The program will continue to focus on force structure, civil-military relations, civilian oversight of the military budget and drafting democratic defense legislation. These programs will help develop a friendly and capable coalition partner, fully interoperable with U.S. forces.

Mongolia will be eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act in FY 2007. EDA will support disaster management, humanitarian assistance/relief and procure needed equipment for the newly forming peacekeeping battalions.

## Papua New Guinea

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	300	297	295

U.S. national interests in Papua New Guinea (PNG) derive from the U.S. government's overarching interest in regional stability and PNG's strategic importance to the U.S. treaty ally Australia. PNG is the largest and most populous island nation in the South Pacific and neighbor to the troubled Indonesian province of Papua. PNG also is home to one of the world's last large remaining tropical rain forests. U.S. interests include strong democratic institutions, development of disaster relief capabilities, continued progress in the transition from civil strife to constitutional rule of law in Bougainville province, a free enterprise economic system, and improved stewardship of diverse natural resources. The benefits of a stable, lawful and prosperous PNG include fewer human rights violations, less environmental degradation and prevention of international organized crime.

In Bougainville, continuing efforts to establish a government of reconciliation require that PNG armed forces retain a small presence. Their cooperation will be necessary for any lasting settlement on the island. PNG has offered troops to the coalition effort in Iraq, hoping to join with other nations in the Global War on Terrorism. Continuing International Military Education and Training (IMET) programs will help build a more professional and better-disciplined PNG Defense Force (PNGDF), enhance PNGDF ability to patrol the long border with Indonesia, and improve PNGDF capability to monitor and detect illegal fishing and apprehend persons and vessels engaged in such fishing. IMET funds provide professional education and training to the PNGDF with emphasis on human rights, civil-military relations, rule of law and military justice. English language training contributes to the latter goal and offers increased opportunities for fruitful interaction with the U.S. military.

PNG will be eligible in FY 2007 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA for PNG will support U.S. government objectives of more professional and effective forces and will enhance PNGDF capability to remove and neutralize unexploded ordnance in Bougainville and at World War II sites throughout the country.



**Philippines**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	27,050	22,671	21,072
DA	27,576	25,522	19,603
ESF	30,720	19,800	20,000
FMF	29,760	29,700	17,600
IMET	2,915	2,871	2,865
INCLE	3,968	1,980	1,900
NADR-ATA	1,952	4,077	4,457
NADR-CTF	-	200	680
NADR-EXBS	305	400	150
NADR-SALW	-	600	-
NADR-TIP	-	-	200
Peace Corps	2,820	2,776	2,910

The U.S. has important security, commercial and political interests in the Philippines, a Major Non-NATO ally that straddles important air- and sea-lanes. The Philippines has actively supported international counter-terrorism efforts and is working closely with the U.S. to enhance its counterterrorism capabilities. Its democratic institutions are under considerable stress due to economic weakness, corruption and resistance to reform by entrenched interests. The Philippines has an important role to play in maintaining regional peace and security as an active member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum. Under the 1999 Visiting Forces Agreement (VFA), the Philippines and the U.S. have strengthened bilateral security relations and worked together to bolster Armed Forces of the Philippines (AFP) capabilities. The Philippines' efforts on the judicial and law enforcement issues – e.g. the combating of terrorist finance, trafficking in persons, and intellectual property rights violations – directly impact key U.S. interests. Improved Philippine military and law enforcement capacity showed impressive results in 2005: Ahmed Santos, leader of the terrorist organization Rajah Soliman Movement, was captured; and three planners of a major terrorist attack in 2005 were convicted in record time.

U.S. economic and development assistance requested for the Philippines for FY 2007 will help support conflict resolution in Mindanao, fight corruption and improve governance to spur private sector-led economic growth, improve healthcare, promote sustainable use of natural resources, and increase access to quality basic education.

Sixty percent of Child Survival and Health (CSH), Development Assistance (DA), and Economic Support Fund (ESF) funding supports programs in Mindanao that maximize the economic benefits of the earlier 1996 peace agreement with the Moro National Liberation Front (MNLF). The assistance provided with these funds -- governance programs, infrastructure improvements, increased access to micro credit and health services, and expanded education opportunities -- will continue to demonstrate the tangible benefits of peace. In 2005, key results included the successful termination of a multi-year program that reintegrated 28,000 former combatants, and the introduction of computer and internet education at 126 high schools in conflict-affected areas. Should the Moro Islamic Liberation Front (MILF) reach a peace agreement with the Philippine Government, ESF funds also could be used to initiate livelihood and reintegration programs for the MILF similar to those provided for the MNLF.

Nationally, FY 2007 ESF funds will support broad programs to attack pervasive corruption and to reduce anti-competitive investment barriers. U.S. assistance programs are showing benefits: In 2005, the Philippines Government improved its tax collection, which had been harmed by corruption, by renewed pursuit of large tax evasion cases. In addition, the national Ombudsman reported a 30 percent conviction rate against corrupt officials, as compared to six percent prior to receiving U.S. assistance. FY 2007 ESF funds will also be used to expand and improve access to economic and social infrastructure, and to improve the quality of the workforce through vocational/technical education.

FY 2007 DA programs will support achieving equitable access to quality basic education, improving economic policy and the business environment; strengthening the financial services sector and increasing access to capital, strengthening the judicial sector and reducing trafficking in persons, improving access to clean water and sanitation, improving sustainable management of natural resources and biodiversity, and combating pollution. As a result of the U.S. DA-funded programs, 16,822 rural residents from 86 villages in conflict-affected areas of Mindanao had their homes electrified, and 73,851 hectares of coastal-marine areas were placed under improved management.

FY 2007 CSH funds are designed to improve child survival, health, and nutrition; improve maternal health and nutrition; prevent and control infectious diseases; reduce the transmission and impact of HIV/AIDS; and support voluntary family planning. CSH programs have helped keep the HIV seroprevalence below 3 percent in the most at-risk groups, and helped increase the tuberculosis treatment success rate to 88 percent.

The FY 2007 Foreign Military Financing (FMF) program will continue to help improve the military capabilities of this long-time treaty including improving operational availability of critical weapons systems and sustainability of key support and logistics functions. This includes support of air, surface, and ground assets and support components needed in the Global War on Terror (GWOT). U.S. funding support for the Philippine Defense Reform (PDR) initiative began in FY 2005, and requirements are projected to continue through FY 2008. The Government of the Philippines has committed to paying the majority of the costs associated with PDR implementation. FMF priorities focus on improving operational availability of critical weapons systems and sustainability of key support and logistics functions. FY 2007 FMF provides less funding for spare parts cases, but places additional emphasis on the strategic goals of PDR and begins a period of needed maintenance of counterterrorism skills introduced by U.S.-funded programs between 2001 and 2004. FY 2007 funding is critical to support PDR in order to achieve long-term institutional restructuring of the AFP, which will strengthen counterterrorism capabilities and contribute to regional stability. Continued funding of the PDR initiative in FY 2007 will signal strong U.S. support for the Philippines and help the Department of National Defense (DND) continue institutional and strategic changes. Requested funding in FY 2007 will support tactical changes to the AFP that augment the strategic changes introduced in previous years.

The Philippines will continue to be eligible in FY 2007 to receive Excess Defense Articles (EDA) under section 516 of the FAA. EDA will support U.S. objectives of increased interoperability and standardization within the AFP as well as improved participation in peacekeeping operations.

The FY 2007 The International Military Education and Training (IMET) program will complement the PDR/FMF process. The IMET program will focus on courses with specialized skills devoted to professionalism, management, and technical training. When available, counterterrorism training will also be added. These graduates can have an immediate positive impact on the AFP and assist in achieving our goals of access and influence within the AFP and Philippine Government more broadly. IMET has been highly successful in the Philippines. The current Chief of Staff, all three-service chiefs, and the Marine Corps Commandant are graduates of IMET courses, including the Army Command and General Staff College, USMC Command and Staff College, and the Naval Staff College. In past years, IMET training helped to encourage civilian control over the military, leading to a decline in the number of reported

incidents of human rights abuses. IMET graduates who populate top AFP ranks have also actively promoted close professional U.S.-AFP military-to-military relations. Due in part to close scrutiny by Embassy defense officials, the AFP recognizes the need to manage the careers of IMET graduates fully to utilize their valuable training.

Nonproliferation, Anti-terrorism, Demining, and Related Programs Antiterrorism Assistance (NADR/ATA) and International Narcotics Control and Law Enforcement (INCLE) funds will strengthen weak Philippine law enforcement to deal with both terrorism and narcotics and human trafficking groups. These programs are critical, given that terrorist elements in the Philippines provide support and refuge to members of Jemaah Islamiyah, the terrorist organization that has carried out four major attacks in Indonesia since 2002. In 2005, INCLE funds provided for a comprehensive assessment of the Philippine National Police (PNP). The results of this assessment will be used to further develop a strategy to provide leadership, investigatory and organizational training and technical assistance to develop a more effective and transparent civilian-led police force and promote rule of law. NADR/ATA-funded courses will focus on the financial underpinnings of terrorism and anti-money laundering assistance, which have proven greatly beneficial to Philippine legal, judicial and political authorities. Increased NADR/ATA funds also will be used to establish an advanced and effective counterterrorism training program for law enforcement and judicial authorities.

Non-Proliferation Anti-Terrorism Demining and Related Program (NADR) Export Control and Related Border Security (EXBS) for FY 2007 will fully implement this program as it matures. Program costs are expected to increase as implementation expands to include greater emphasis on enforcement (i.e. the procurement of detection equipment, as well as specialized inspection, investigative and incident response training), cooperation with Maritime border security forces, and extends to additional seaports.

NADR Counterterrorism Financing (CTF) funds are supporting the Philippines to make steady progress in addressing money laundering and terrorist finance challenges, but its court system is log jammed by inefficient management of its case load. The FY 2007 NADR/CTF funds will be used to sponsor a Resident Legal Advisor to assist with streamlining and effectively managing the court docket, thereby accelerating the prosecution of jailed terrorist suspects. The funds will also be available for training on cash couriers and bulk cash smuggling, recognizing that the Philippines' heavy reliance on foreign worker remittances makes it especially vulnerable foreign source funds being diverted to terrorist networks operating in the country.

The NADR Terrorist Interdiction Program (TIP) strives to significantly impact terrorists' freedom of movement between countries by providing participating nations with a computer network that enables immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. In FY 2007, NADR/TIP funds will be used to expand operation of the program's watchlisting computer system to additional ports of entry in the Republic of the Philippines, and provide for system software upgrades as they become available.

**Samoa**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
Peace Corps	1,354	1,481	1,539

U.S. national interests in Samoa directly support the U.S. government's national security interest in regional stability. The U.S. government strives to maintain close ties with Samoa, which is a consistent supporter of U.S. positions internationally. Samoa is also a close neighbor of the U.S. territory of American Samoa, with which it has long-standing family and cultural ties. Other interests include safeguarding the welfare of the many U.S. citizens and nationals who reside in or visit Samoa, encouraging broad-based economic growth, supporting improved capacity to protect the island's environment and natural resources, educating the public on health issues and encouraging economic growth.

FY 2007 International Military Education and Training (IMET) funds will help Samoa develop an effective maritime law enforcement and surveillance capability, which supports our objective of maintaining close ties with this friendly neighbor of the United States. Training in basic coastal surveillance and sea borne law enforcement skills will be carried out in accordance with U.S. leadership doctrines, emphasizing civilian control. U.S. Department of Defense and Coast Guard resources will contribute to broad-based economic growth in Samoa by assisting Samoa's maritime police patrol to strengthen enforcement of Samoa's maritime Exclusive Economic Zone and improving safety in Samoa's fishing fleet. Previous IMET training has helped Samoan police officers participate more effectively in the United Nations sponsored peacekeeping force in East Timor, which Samoa joined in 2000, and in peacekeeping operations in the Solomon Islands and Liberia.

Samoa will be eligible in FY 2007 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will assist Samoa in developing an effective maritime law enforcement capability and enhance interoperability with U.S. Department of Defense and Coast Guard forces.

## Solomon Islands

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	152	149	155
Peace Corps	46	34	35

U.S. assistance to the Solomon Islands focuses on strengthening the nation's capabilities to secure its maritime borders, encouraging its democratic institutions and preserving its biodiversity.

FY 2007 International Military Education and Training (IMET) funds will assist the country to strengthen the discipline, professionalism and integrity of its security forces and to develop an effective maritime reconnaissance force. Training in basic coastal surveillance and seaborne law enforcement skills helps guarantee that the 1997 Solomons-Papua New Guinea border agreement continues to be honored. It also increases the country's ability to maintain control of its own fishery resources. Enhancements in the Solomon Islands forces will allow it to work more effectively with the Regional Assistance Mission to the Solomon Islands (RAMSI), the Australian-led intervention that has restored law and order to the country and is now working to rebuild national institutions and systems of governance.

The Solomon Islands will be eligible in FY 2007 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objectives for the Solomons of achieving more professional and better-disciplined security forces and effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II.

**Thailand**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DF	-	1,980	-
ESF	992	990	-
FMF	1,488	1,485	1,300
IMET	2,526	2,376	2,370
INCLE	1,608	990	900
NADR-ATA	1,232	2,346	1,334
NADR-CTF	50	100	-
NADR-EXBS	500	160	400
NADR-TIP	1,000	1,695	400
Peace Corps	2,144	2,190	2,185

The U.S. has important political, economic, strategic and security interests in Thailand, which is a Major Non-NATO ally. A stable democracy, Thailand serves as a model for development and democratization and as a useful base of operations for U.S. programs and activities in Southeast Asia and beyond. In addition, Thailand plays a valuable role as a responsible regional actor as evidenced by its role as a base for humanitarian relief efforts following the devastating December 2004 tsunami. The U.S.-Thai trade relationship is strong and continues to grow. In June 2004, the two countries began negotiating a Free Trade Agreement, the U.S. government's second with an Association of Southeast Asian Nation (ASEAN) member. Thailand also works closely with the U.S. regarding HIV/AIDS, trafficking in persons, and refugees from Burma and elsewhere. U.S. government assistance to Thailand enhances U.S. influence in a strategically important region, strengthens Thailand's efforts to combat terrorism, narcotics trafficking and other international crime, and reinforces military cooperation with a treaty ally. Thailand's stability in turn promotes economic development and encourages other countries to follow Thailand's trade liberalization.

Thai troops have served in Iraq and Afghanistan, as well as East Timor and Aceh. In the war on terrorism, Thailand captured Hambali, the operational chief of Jemaah Islamiyah and the Al Qaeda link to Southeast Asia, offered other key sensitive cooperation against priority targets, granted the U.S. overflight and landing privileges, cooperated closely on information sharing, and worked with the U.S. to curtail terrorist finance and to track and impede the movement of terrorists. Thailand also occupies strategic ground in the war on drugs. Thailand borders two of the world's three largest opium producers and is a market for Burmese methamphetamines. Thai and U.S. law enforcement and military units work together in the battle against drug smugglers.

FY 2007 Foreign Military Financing (FMF) funds will increase the counterterrorism capabilities of Thailand's elite Special Forces units, enhance their status within the military and increase their capability to participate in coalition operations. These units, such as the Thai Army's Task Force 90 and the Thai Navy's Seal unit, are preferred training partners for U.S. Special Forces. Their procurement budgets were slashed after the 1997 economic crisis and have not rebounded.

The International Military Education and Training (IMET) program for Thailand has become an essential part of the U.S.-Thai alliance relationship. Thai IMET graduates hold a majority of senior military positions in the Defense Ministry, Supreme Command headquarters, and all services, and the Thai military ensures its best officers are able to take advantage of IMET opportunities. Through IMET, the U.S. is helping shape the Thai military of the future during a period of restructuring and downsizing. IMET affords Thai

military officers the opportunity to attend all levels of Professional Military Education and English language instruction. IMET funds also ensure the top ranks of Thai military officials have been exposed to U.S. military doctrine and have a deep understanding of the U.S. military training system.

In FY 2007 Thailand will be eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will advance interoperability, counterterrorism, counter-narcotics and coalition peacekeeping goals, while enhancing U.S. influence and access.

International Narcotics Control and Law Enforcement (INCLE) programs help build, strengthen and reform criminal justice, law enforcement and investigative institutions to enhance Thai capabilities to meet the challenges of 21st century transnational and organized crime. Thailand is a key partner with the U.S. and a leader in efforts against drugs and crime, though it remains a hub of transnational criminal activity. FY 2007 INCLE funds will support a modest program to fight corruption in the criminal justice system in order to enhance judicial ethics. Funds also will support drug control assistance and crime control, including modest funding for demand reduction and regional narcotics control.

As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the U.S. also provides Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Export Control and Related Border Security (EXBS) funds for cooperative programs in Thailand. FY 2007 NADR/EXBS funding is focused on improving cooperative enforcement, maritime security, and industry outreach procedures and capabilities.

The NADR Terrorist Interdiction Program (TIP) strives to prevent and detect the movement of terrorists between countries by providing Thailand with a computer system that enables immigration and border control officials to quickly identify suspect persons attempting to enter, leave, or transit the country. In FY 2007, NADR/TIP funds will be used to expand operation of the program's watchlisting computer system to additional ports of entry and provide for system software upgrades as they become available.

Thailand faces growing violence by separatists and Islamic extremists in the southern provinces near the Malaysian border. FY 2007 NADR Antiterrorism Assistance (ATA) funds will be used to familiarize senior police officials with modern investigative and interdiction methodologies aimed at terrorist organizational structures, as well as at the flow of terrorist financing and information transfer. In the wake of recent bombings in Thailand NADR/ATA intends to provide Thai police with Explosive Incident Countermeasure training (aimed at rendering safe both vehicle and package incendiary explosive devices) for intelligence exploitation. The NADR/ATA funds also will provide explosive detector dogs for use at ports of entry and as event security. Follow-on training will involve appropriate response to weapons of mass terror (biological, radiological and chemical).

**Tonga**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	248	248	250
IMET	140	134	145
Peace Corps	1,262	1,341	1,280

The U.S. values Tonga's support in regional organizations, such as the Pacific Community, the Forum Fisheries Agency and the South Pacific Regional Environment Program. Tonga has consistently supported U.S. positions at the United Nations since joining in 1999. In 2005, Tongan troops performed seven months of service in Iraq as part of the coalition. Tonga has committed troops to an additional coalition deployment in 2006.

FY 2007 Foreign Military Financing (FMF) funds will help promote Tonga's role in regional stability, while expanding its ability to participate in multilateral operations and ensuring Tongan alignment with U.S. interests and objectives. U.S. objectives include bolstering the Tongan military's peacekeeping capabilities as well as its capacity to detect, monitor, and interdict or disrupt activities of terrorists and transnational crime. This involves the procurement of individual soldier and communications equipment and training ammunition, as well as training in areas such as strategic planning, programming and budgeting, program management, intelligence support, logistics, transportation, and associated legal aspects.

FY 2007 International Military Education and Training (IMET) funding will help develop long-term positive relations with government, military, and security authorities as well as continue to support professionalization and reform within the security forces. This, in turn, will enhance Tonga's readiness to contribute to peacekeeping and coalition operations and to the global war on terrorism, and to combat terrorism, transnational crime and minimize natural disasters. Funds also allow the U.S. to act in concert with other concerned nations, Australia and New Zealand in particular, to promote military cooperation and civilian control in the southwest Pacific region.

Tonga will be eligible to receive Excess Defense Articles (EDA) in FY 2007 under Section 516 of the Foreign Assistance Act. EDA will support Tonga's legitimate defense requirements and its ability to contribute to regional peacekeeping endeavors and the development of an effective maritime law enforcement capability.



**Vanuatu**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	111	99	120
Peace Corps	2,232	2,207	2,231

U.S. national interests in Vanuatu center on strengthening the nation's democratic institutions. Other interests include building Vanuatu's capacity to secure its maritime borders and encouraging programs that protect the island's environment and fragile natural resources.

The small Vanuatu Mobile Force (VMF) must patrol a vast area of ocean. U.S. Coast Guard training in maritime law enforcement supplements Australian and New Zealand programs and upgrades VMF capabilities. FY 2007 International Military Education and Training (IMET) funds will provide training to help improve force discipline and enhance the VMF's effectiveness in regional peacekeeping and disaster relief efforts.

Vanuatu will be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objective of improving VMF operational effectiveness in regional peacekeeping and disaster relief efforts.

The Millennium Challenge Corporation (MCC) selected Vanuatu as an eligible country for FY 2004 and FY 2005. Vanuatu is expected to sign a \$66 million compact with MCC in February 2006 and must maintain its eligibility to receive Millennium Challenge Account funds.

**Vietnam**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	1,200	-	-
DA	4,750	2,818	2,440
ESF	-	1,980	1,000
GHAI	24,044	31,214	54,000
IMET	50	50	95
NADR-EXBS	280	390	200
NADR-HD	3,051	3,300	3,500

U.S. efforts continue to broaden and deepen an already rapidly-expanding bilateral relationship with Vietnam, a strategically important country in Southeast Asia. In a joint statement following Prime Minister Phan Van Khai's June 2004 meeting with President Bush, the leaders agreed to strengthen cooperation on transnational issues, including the global fight against terrorism, transnational crime, narcotics, trafficking in persons, and to deepen cooperation on health and humanitarian issues, including the prevention of pandemics, especially HIV/AIDS and avian influenza. U.S. assistance to Vietnam promotes these common interests.

In addition, the U.S. has important interests in advancing human rights and religious freedom, promoting economic prosperity through global integration, expanding U.S. trade relations, encouraging Vietnam to assume a greater role in enhancing regional stability, expanding military-to-military ties, and achieving the fullest possible accounting for the 1,382 Americans still listed as POW/MIA from the Indochina conflict. It is also in the U.S. interest to provide assistance to the disabled, displaced children, and victims of natural disasters, landmines and unexploded ordnance.

The U.S. economic, commercial, and assistance relationship with Vietnam promotes civil society, encourages economic reform, draws the country further into the rules-based international trading system, and promotes the interests of American workers, consumers, farmers and business people. In the four years since the U.S.-Vietnam Bilateral Trade Agreement (BTA) took effect, two-way trade has risen from just over \$1.3 billion to over \$6 billion in 2004, and is estimated to exceed \$7.5 billion in 2005.

In FY 2007, Economic Support Fund (ESF) assistance will be directed at development projects to improve the living conditions for the inhabitants of the Central Highlands, which is the locus of many of our human rights and religious freedom concerns. The U.S. government is particularly concerned about the conditions of ethnic minorities.

The U.S. supports Vietnam's role as a regional player in the Association of Southeast Asian Nations (ASEAN), ASEAN Regional Forum (ARF), and the Asia Pacific Economic Cooperation (APEC) forum. Vietnam has assumed the APEC chair for 2006. Within APEC, the U.S. seeks to promote regional prosperity, strengthen regional security, ensure preparedness and prevention for potential pandemics and natural disasters, and promote transparency and anti-corruption efforts.

FY 2007 Development Assistance (DA) funds will facilitate Vietnam's transition to a more open, market economy by strengthening trade liberalization. These funds will enable Vietnam's government to make the necessary regulatory and legal changes to implement the BTA, prepare for WTO accession, and lay the foundation for the rule of law and an improved court system.

Vietnam is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). In FY 2007, Global HIV/AIDS Initiative (GHAI) funding will expand comprehensive and integrated prevention, care and treatment programs, which are further described in Section I under the heading "Global HIV/AIDS Initiative."

FY 2007 Child Survival and Health (CSH) funds will continue to focus on select vulnerable groups, including victims of war injuries, land mines or annual floods, as well as orphans and displaced children. For war and mine victims, activities will continue to focus on providing orthotic and prosthetic devices as well as rehabilitation for those in need of artificial limbs. CSH funds also will work to contain and combat avian influenza (AI) in Vietnam and the region.

FY 2007 Nonproliferation Anti-terrorism Demining and Related Programs (NADR) Humanitarian Demining (HD) funds will continue to assist Vietnam with development of a comprehensive humanitarian demining program to protect the lives of innocent civilians and promote economic and agricultural development. Approximately five percent of Vietnam is contaminated with landmines and unexploded ordnance. NADR funds also aim to provide export control assistance to strengthen Vietnam's ability to control, detect and interdict transfers of strategic goods and technology that could contribute to weapons proliferation. As part of effort to prevent the proliferation of weapons of mass destruction, their delivery systems, and related technologies, and other weapons, the U.S. plans to provide NADR Export Control and Related Border Security (EXBS) funds for a cooperative program in Vietnam. FY 2007 NADR/EXBS funding will focus on enforcement, industry outreach, and licensing procedures and capabilities.

In June 2005, Vietnam signed an agreement allowing it to participate in International Military Education and Training (IMET) programs for the first time. The FY 2007 IMET request includes funds for courses to enhance English language proficiency among Vietnamese military officers.

**ASEAN**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	744	3,366	3,400

The Association of Southeast Asian Nations (ASEAN) consists of the ten major countries in Southeast Asia. ASEAN and these countries are of growing importance to U.S. national economic, political and security interests. U.S. interests were highlighted in the Joint Vision Statement on the ASEAN – U.S. Enhanced Partnership, released when the President met ASEAN leaders attending the Asia Pacific Economic Cooperation (APEC) meetings on November 18, 2005.

ASEAN is an increasingly unified market of over 500 million people, with a combined GDP of over \$700 billion growing over 5.5 percent a year. As a group it is the fifth largest U.S. trading partner, and U.S.-ASEAN two-way trade topped \$136 billion in 2004. ASEAN hosts \$88 billion in American private investment. U.S. economic concerns include protection of Intellectual Property Rights (IPR), market access and the growing number of free trade agreements with third countries that may divert trade in the region.

U.S. engagement with ASEAN promotes a broad range of U.S. political and security interests. The U.S. has valuable security relationships with some ASEAN members and works with them on mutual concerns over counter-terrorism, maritime security and international crime. U.S. assistance provides the means to pursue these mutual interests as well as support for broader engagement with the peoples and governments in the region. ASEAN has been at the center of many regional integration efforts, and countries such as China, Japan, Korea, India and Russia also are strengthening ties with ASEAN and have similar programs of cooperation.

FY 2007 funds will implement the Enhanced Partnership, which will support work with ASEAN in three areas:

- Political and Security Cooperation, including cooperation against terrorism, proliferation of weapons of mass destruction, drug trafficking and trafficking in persons, and enhancing cooperation on maritime and border security.
- Economic Cooperation, including trade and investment facilitation, development of cleaner, more efficient energy technologies, protection of the environment, and transportation.
- Social and Development Cooperation, including continued work on disaster management, preventing the spread of infectious diseases like HIV/AIDS and avian influenza, promoting cooperation on science and technology and information and communications technology. The U.S. will also support people-to-people exchanges, including inter-faith dialogues, capacity building in education and student exchanges and the promotion of regional studies in ASEAN and the United States.

Cooperation under the Enhanced Partnership will include the participation and support of many sectors of American society with interests in Southeast Asia, including businesses, state and local governments, foundations and education institutions.

- FY 2007 funding will also support projects under the ASEAN Cooperation Plan (ACP) and the President's Enterprise for ASEAN Initiative (EAI) to develop trade with the region. These senior-level U.S. policy initiatives provide an essential regional presence for several U.S. government agencies in Southeast Asia and complement the work of other countries. The U.S. ASEAN Training and Technical

Assistance facility, one of over 20 projects under the ACP, has been notably successful in developing many demand-driven programs that have attracted high levels of ASEAN participation and support. Over 51 training and technical assistance activities have been launched under the Facility.

## Developing Asian Institutions Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	1,485	2,000

Strengthening U.S. participation in regional organizations is an essential component of effective U.S. engagement in the Asia-Pacific region. These organizations promote regional stability and offer us effective options for pursuing U.S. goals outside of traditional bilateral channels. Within the Asia-Pacific, regional organizations that do not include the U.S. government are growing in influence. It is essential that we strengthen fora such as the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Regional Forum (ARF) in which the U.S. government does participate. The APEC region is the largest market for U.S. exports, accounting for \$527 billion - or some 65 percent - of total U.S. exports in 2004. The U.S. imported \$947 billion worth of APEC goods in 2004, about 64 percent of total U.S. imports. Given the increasing importance of multilateral cooperation and deepening regional economic integration in the Asia-Pacific region, there is a need to increase U.S. resources devoted to accomplishing agreed strategic goals.

The FY 2007 funding requested will support programs associated with Asian regional organizations, such as APEC and ARF that advance U.S. strategic interests. The request recognizes that Asian multilateral institutions operate differently than their European or Western Hemisphere counterparts. In Asian institutions, U.S. sponsorship of capacity building and technical assistance - rather than large contributions to the institutions themselves - is a primary means to advance goals and interests. Increased program budgets are essential to maintain U.S. influence and advance U.S. interests in the region. These Asian fora have proven effective in advancing U.S. interests and in strengthening U.S. leadership in Asia. For example, in 2005 APEC Leaders' endorsement of model guidelines to protect intellectual property rights went beyond World Trade Organization commitments; APEC leaders also pledged to further reduce trade transaction costs in the region by five percent by 2010 and agreed to enhance collaboration and cooperation to fight an avian influenza (AI) pandemic. Workshops, seminars and other events in ARF have been a critical part of the U.S. government strategy to enhance cooperation on security issues in Southeast Asia. Over the past year, the ARF has shown increased vitality, venturing into sensitive topics like missile defense, and nonproliferation of WMD, laying the groundwork for concrete cooperation in disaster relief, and becoming a stronger institution.

The Developing Asian Institutions Fund will support programs, events, technical assistance, training, and other activities that advance U.S. objectives in APEC and ARF. These programs will advance broader U.S. regional goals including advocacy of APEC and ARF as the preeminent regional institutions. In APEC, the Fund will be used to advance member economies' implementation of agreed principles in areas such as trade facilitation, secure trade and non-proliferation, anti-corruption, and intellectual property. In the ARF, the Fund will support U.S. hosting and participation in ARF programs to address traditional and non-traditional security issues, including peacekeeping, counter-terrorism, and disaster management. It will also support capacity-building and institutional strengthening of the ARF. In addition, the Fund will support the activities of the U.S. Committee of the international non-governmental Council on Security and Cooperation in the Asia Pacific (CSCAP) in order to capitalize on the opportunities presented by the ARF's new openness to interaction with CSCAP.

## Pacific Islands

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	99	100

The Pacific Islands Fund is a small-scale, high-impact grant program that supports projects in twelve Pacific Islands states. Potential FY 2007 projects include water and waste management, private sector/entrepreneurial development, coral reef and watershed conservation, health/drug education for youth, women's economic and health rights, and meeting international security standards, including maritime security. Successful projects in these areas advance U.S. national interests and assist non-governmental organizations (NGOs) and governments in building domestic capacity.

These twelve countries (Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu) are favorably disposed toward U.S. interests. The U.S. regularly relies on their support at the United Nations and support for U.S. international policies (e.g., Iraq coalition, Article 98 agreements, United Nations General Assembly). Tongan troops completed a tour in Iraq as a member of the coalition and are gearing up to return. Fiji maintains two troop deployments to provide security to United Nations operations in Iraq. Papua New Guinea has offered to send troops to Iraq.

For Freely Associated States (Micronesia, Marshall Islands and Palau), the Pacific Islands Fund addresses development issues outside the general Compact program. In addition, while the Compact is a government-to-government program, the Pacific Island Fund provides development funding directly from the U.S. government to local NGOs or other local implementers. The Pacific Islands Fund provides our six embassies in the region with modest resources to assist local communities across the vast Pacific area in ways that demonstrate U.S. engagement in the region.

## Regional Maritime

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	-	-	2,000

FY 2007 Foreign Military Financing (FMF) funds will support the establishment of the Regional Maritime Security Program (RMSP). The RMSP is the regional implementation of the October 2005 International Outreach and Coordination supporting plan to National Security Presidential Directive 41: National Strategy for Maritime Security. The U.S. government has conducted extensive engagement with regional partners. Key states including Indonesia, Malaysia, the Philippines, Singapore and Thailand have developed wider cooperation in information sharing, patrolling, training and exercising. These states are poised to implement practical programs to increase regional maritime security.

A two-pronged, bilateral and multilateral approach will assist states in the region to build national maritime security capacity. The U.S. will focus bilateral assistance on building specific capacities in surveillance, interdiction, and command and control. Multilaterally, the RMSP will enhance integration of national efforts through regional security cooperation, and will support essential integrating network systems to facilitate information sharing in order to promote interoperability and a common operating picture with a particular focus on Indonesia, Malaysia, the Philippines, and Thailand.

FY 2007 FMF funds will support common communications platforms, regionally focused information fusion centers, hardware and software for regional network architecture, and maritime interoperability training.



## Regional Women's Issues

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	992	990	800

Regional Women's Issues funding supports programs that focus on empowering women through political participation, economic independence, and freedom from violence. These projects seek to promote women taking a greater role in leadership throughout the region and enhanced protections for those most at risk of becoming victims of exploitation, violence, and discrimination. By fostering participation from women in political, economic, and social development, a stronger foundation is built for a healthy society. The likelihood that women will be victimized is reduced and their involvement is increased in creating a more prosperous and democratic society. A recent example of a successful outcome of this funding is the November 15, 2004 passage by the Lao National Assembly of a new Law on Development and Protection of Women, which includes components on women's rights and interests, trafficking, and domestic violence. This law was advocated for and crafted with the assistance of The Asia Foundation and local partners (including the Lao Women's Union) using Regional Women's Issues funding.

The FY 2007 ESF request will continue to support projects that enhance political participation and foster economic independence, particularly in countries and sub-regions where poverty and lack of political voice leave women most vulnerable to significant exploitation, including those that are key points of origin for trafficked women. Funding also will be used to support those projects that best incorporate proven country- and culture-specific empowerment training techniques and sustainability planning.

## South Pacific Fisheries

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	17,856	17,820	18,000

The 1988 Pacific Multilateral Fisheries Treaty is a key component of the U.S. government's strong overall foreign relations with the Pacific Islands States and a model for others. It provides a solid foundation upon which the U.S. and the member states of the Pacific Islands Forum (known as the South Pacific Forum until October 1999) can cooperatively address the challenges of sustainable fisheries conservation in the Western Pacific. This treaty, through positive multilateral cooperation, achieves profitable, sustainable management of fisheries resources and ensures continued access for U.S. commercial fishing vessels to the Pacific Ocean tuna fishing areas.

Since the treaty came into force, the U.S. annual payment obligations under the treaty have ensured access to broad areas of the Pacific, including waters under the jurisdiction of the 16 states that make up the Forum Fisheries Agency (FFA). This positive fisheries relationship, as well as a common desire to conserve fisheries resources in the Pacific, have carried over into the successful conclusion of negotiations for a conservation and management regime in the Central and Western Pacific, where the U.S. continues to cooperate closely with the Pacific Island States. The result of these negotiations is to establish a mechanism to ensure that highly migratory fishery resources in that region are not depleted.

## EUROPE AND EURASIA

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**Albania**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	2,976	3,465	3,200
IMET	1,145	891	935
NADR-ATA	856	375	589
NADR-EXBS	400	505	325
NADR-SALW	-	300	300
Peace Corps	1,759	1,836	1,901
SEED	28,266	24,750	20,000

Democracy, stability and economic prosperity are essential if Albania is to continue to be an effective partner in the Global War on Terrorism and play a productive role in regional stability. Sustained U.S. engagement and support for reform are crucial if positive trends are to continue and ultimately yield long-term results. U.S. assistance is vital in guiding Albania closer to a Euro-Atlantic partnership.

Consolidating democratic institutions and improving their capacities remains the highest priority for the United States in Albania, which is still recovering from 45 years of harsh, xenophobic communism, a legacy further exacerbated by the economic collapse of 1997. U.S. assistance targets resources based on needs, but also their ability to serve as a force-multiplier for the reform agenda. Support for East European Democracy (SEED) programs strengthen civil society and human capital resources in Albania, and increase transparency in government processes. Programs bolster security and stability, support judicial reform initiatives, and target institutions that fight financial crimes, such as tax evasion, money laundering, and terrorism financing.

Continued U.S. assistance is key to sustaining Albania's recent successes in fighting corruption, stopping human trafficking, and stemming the flow of weapons, narcotics, and contraband into Western Europe; and combating the impact organized crime plays in undermining democracy, economic growth, and the rule of law. SEED funds support initiatives such as primary health care upgrades, education improvements, and journalistic professionalism. In addition, SEED-funded programs promote badly needed agricultural reforms, creating employment opportunities, modernizing production, and increasing output in a country where nearly 70 percent of the work force is tied to the agricultural sector.

Foreign Military Financing (FMF) is important for continuing the modernization of the Albanian Armed Forces. A NATO membership aspirant and staunch U.S. ally in the Global War on Terrorism, Albania contributes troops to peacekeeping efforts in Bosnia and Herzegovina (formerly SFOR), Afghanistan, and Iraq. Albanian combat troops have been on the ground since the beginning of Operation Iraqi Freedom. FY 2007 funds will purchase clothing, individual equipment, and field equipment for coalition missions, support continued institutional and strategic reform, and support deployed forces. Funds will directly support the development of niche military capabilities in line with Albania's current operational responsibilities in Iraq, and help modernize the Albanian military.

The International Military Education and Training (IMET) program supports Albania's NATO aspirations by providing both field and company-grade officers with training and professional development opportunities. IMET funds will provide English language training; professional military education for officers; tuition for attendance at U.S. military academies; and mobile training teams to assist the implementation of human resources, training, and logistics systems reforms.

Albania is eligible in FY 2007 to receive grant transfers of Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will further Albania's force modernization in concert with its NATO Membership Action Plan (MAP) goals.

In an effort to prevent proliferation of weapons, delivery systems, and other related technologies, the United States has a number of Nonproliferation, Anti-terrorism, Demining, and Related (NADR) Programs ongoing in Albania. Export Control and Related Border Security (EXBS) assistance funds are also directed toward establishing and maintaining a fully effective export control and enforcement system in Albania. With FY 2007 NADR funds, the EXBS program will focus on implementation of comprehensive export control legislation, emphasize government-to-industry outreach, and enhance the GOA's ability to enforce its export controls and border security.

FY 2007 NADR Anti-Terrorism Assistance (ATA) funding for an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental years. Protecting the investment of prior year NADR-ATA funding will assure that a thorough follow-up assessment of counter-terrorism capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in prior years, guarantee that equipment and facilities are being properly used and that replacement parts are available, support the cooperative relationship with host government officials by signaling the USG's continuing commitment, provide refresher courses for trainers and instructors, and expand training opportunities for new, state-of-the-art counter-terrorism specializations.

Albania will continue to receive support from the U.S. Small Arms/Light Weapons Destruction Program. Programs to collect and destroy the enormous stocks of Man Portable Air Defense Systems (MANPADS), small arms and light weapons (under 100mm) and ammunition will continue in FY 2007 both through direct bilateral programs and the OSCE's U.S. supported destruction projects. Over 100,000 weapons have been destroyed to date through the combined assistance of the United States, Norway, and Germany. The U.S. bilateral program, utilizing NADR Small Arms/Light Weapons (SA/LW) funds, enhances the overall security environment within the region by preventing illegal arms transfers to Kosovo and Macedonia. Matching funds from NADR International Trust Fund (ITF) are channeled through Slovenia's International Trust Fund for Demining and Mine Victims Assistance to provide support for humanitarian mine action in Albania.

**Armenia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	7,936	3,960	3,500
FSA	74,400	74,250	50,000
IMET	819	743	790
NADR-ATA	332	165	1,000
NADR-EXBS	300	700	1,040
P.L. 480 Title II	1,098	-	-
Peace Corps	1,678	1,882	1,814

Armenia has made inconsistent strides towards free-market democracy over the decade and a half since its independence. The United States has supported this transformation, working to strengthen Armenia's rule of law, to assist in the development of an active civil society, and to encourage the Government of Armenia's efforts to integrate into the world economy while providing for the welfare of its citizens. With two closed borders, an unresolved conflict with Azerbaijan over Nagorno-Karabakh, and historical tension with Turkey, Armenia's efforts to establish peace with its neighbors are critical to regional stability. U.S. security, law enforcement, and nonproliferation assistance, in cooperation with the Government of Armenia, work to prevent weapons and other illicit trafficking and the spread of weapons expertise. Assistance programs are also upgrading the safety infrastructure of the Armenia Nuclear Power Plant. Armenia has supported the Global War on Terrorism, Operation Enduring Freedom, and Operation Iraqi Freedom by offering overflight rights, medical assistance, and information sharing.

Achieving a durable resolution to Armenia's conflict with Azerbaijan over Nagorno-Karabakh is key to several U.S. interests. A peace settlement would eliminate a major cause of instability in the Caucasus region. It would facilitate Armenia's economic cooperation with its Caucasus neighbors and remove a major impediment to normal relations between Armenia and Turkey. Peace would also free Armenia to concentrate more of its political energy and economic resources on domestic reforms, and on improving the social well-being of its citizens.

In recognition of Armenia's progress, the country was approved to receive a five-year, \$235.6 million Millennium Challenge Compact, pending demonstration by the Government of Armenia of its commitment to democratic reform. Armenia's Compact aims to reduce rural poverty through a sustainable increase in the economic performance of the agricultural sector. The Compact consists of two investments: a Rural Road Rehabilitation Project and an Irrigated Agriculture Project. If Armenia fulfills its obligations and receives Millennium Challenge Account (MCA) funds, implementation will be closely coordinated with FREEDOM Support Act (FSA)-funded programs to ensure maximum development effect and poverty alleviation.

U.S. assistance to Armenia supports private-sector development, economic and energy reform, democracy and good governance, and social sector reform. FSA-funded assistance to judicial and law enforcement bodies of Armenia is helping to ensure that Armenia plays a more effective role in combating narcotics smuggling, organized crime, and trafficking in persons, and works to support our efforts to combat terrorism.

Continuing in FY 2007, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of Armenia. U.S. private voluntary organizations, working with the U.S. Government in partnership with the Government of Armenia and local

non-governmental organizations (NGOs), administer basic medical services and provide essential medicines, clothing and food to children, the elderly, and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of limited local government social welfare programs. Other programs support Armenian efforts to provide health care for disadvantaged citizens and to improve health management education.

Armenia is continuing efforts to improve its business climate, increase investment, create jobs, broaden its economic base, and create a more competitive economy. FSA-funded programs will continue to focus on developing and marketing Armenian agricultural products and helping Armenia meet its World Trade Organization commitments. At the macro-level, U.S. Treasury Department advisors will provide expertise in improving revenue collection and reducing budgetary deficits, ensuring that the government will be able to maintain good relations with international financial institutions. Technical advice also will help the Armenian Government improve its audit practices, thereby helping to fight corruption. Training programs, scholarships, and other programs will help Armenia develop other sectors of its economy, seek investment, and create jobs, with an emphasis on developing micro, small, and medium-sized enterprises.

Democratic institutions and practices are developing in Armenia, but this is threatened by poor economic conditions, regional instability, and corruption. Irregularities in the November 2005 constitutional referendum call into question the Government of Armenia's commitment to political processes which meet international standards. FSA-funded democracy assistance programs are working with civil society and government agencies to encourage democratic processes by public participation in government and by augmenting the technical capacity of legislative staff. Additional programs help legislators draft and implement budget programs, train judges, lawyers, and legal associations, promote effective political parties and a loyal opposition, and increase the professionalism of legal associations, thereby improving government transparency and accountability. Support for NGOs helps those organizations effectively articulate and advocate public interests. U.S. support to independent media outlets promotes sector sustainability for continuing free access to information.

To help counter Armenia's isolation, U.S. programs provide educational and informational links with the West. In the social sector, FSA-funded programming supports improvement in standards of living, thereby increasing stability. Assistance encourages pension reform, improved family and health benefits, and the development of efficient administrative, managerial, and financing mechanisms within the health care system.

With substantial U.S. assistance, the Government of Armenia has successfully implemented the majority of recommendations of international experts to improve the safety of the Metzamor Armenia Nuclear Power Plant. FSA-funded programs will continue to improve the near-term operational and physical safety of the plant. Finding alternative sources of energy and further improving the efficiency of Armenia's domestic energy system will be key to the ultimate closure of Metzamor.

FY 2007 International Military Education and Training (IMET) funding will provide opportunities for the Armenian military to obtain U.S. military professional education and will provide training to facilitate Armenian contributions to peacekeeping operations and NATO-compatible crisis response/consequence management. FY 2007 Foreign Military Financing funding will provide equipment for Armenian peacekeeping capabilities; develop a command, control, communication, computers, intelligence system; and provide contractor services for defense reform.

In FY 2007, Armenia is eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Provision of EDA grants will enhance Armenia's ability to participate in NATO and coalition operations, as well as international peacekeeping missions. Specific end-use



assurances will be required for assistance provided under such operations so as not to affect the military balance between Armenia and Azerbaijan.

The Armenian Government has demonstrated a willingness to cooperate with the United States in preventing the proliferation of weapons of mass destruction and related technologies and other illicit weapons trafficking, and fighting transnational crime. It has also taken several steps to strengthen its export controls and border control systems. The Export Control and Related Border Security Assistance (EXBS) program, funded under the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account, is providing equipment and training assistance to customs, border guard, and other law enforcement and border security authorities to improve their export and border control capabilities to deter, detect, interdict, investigate, and prevent weapons proliferation.

FY 2007 NADR Anti-Terrorism Assistance (ATA) funding for an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental years. Protecting the investment of prior year NADR-ATA funding will assure that a thorough follow-up assessment of counter-terrorism capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in prior years, guarantee that equipment and facilities are being properly used and that replacement parts are available, support the cooperative relationship with host government officials by signaling the USG's continuing commitment, provide refresher courses for trainers and instructors, and expand training opportunities for new, state-of-the-art counter-terrorism specializations.

FSA-funded law enforcement programs provide training, technical assistance, and equipment to increase Armenia's capacity to fight international crime, corruption, and narcotics trafficking and to improve human rights practices. FY 2007 funding will continue to assist Armenia in creating the procedures necessary to investigate and prosecute criminal cases, including trafficking in persons, and to improve law enforcement communications infrastructure which will improve communication and cooperation between Armenian and U.S. law enforcement agencies. Programs will support the development of an effective and sustainable police academy, improve forensics capabilities, and assist in the professional development of prosecutors, investigators, and defense advocates. Funding will also support implementation of the Armenian Government's anti-corruption action plan.

The U.S. Science Centers and Bio-Chem Redirect programs funded through the NADR Nonproliferation of Weapons of Mass Destruction (WMD) Expertise account promote the participation of former Soviet weapons scientists in peaceful research projects. The International Science and Technology Center and Biotechnology Engagement Program cooperate in the design and delivery of this NADR assistance. The U.S. Civilian Research and Development Foundation uses FSA funds to support scientists in Armenia, including but not exclusively from the former Soviet WMD complex, to reduce the threat of weapons proliferation.

**Azerbaijan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	500	-	-
FMF	7,936	3,960	4,500
FSA	37,755	34,650	28,000
IMET	879	743	885
NADR-ATA	808	400	948
NADR-EXBS	1,545	1,650	1,405
NADR-HD	3,500	2,800	2,500
NADR-SALW	400	-	-
P.L. 480 Title II	1,545	1,939	-
Peace Corps	1,440	1,794	1,883

U.S. national interests in Azerbaijan include counterterrorism and security cooperation, the provision of a significant and growing supply of hydrocarbon resources to global markets, and mediation of regional conflict. The unresolved conflict with Armenia over Nagorno-Karabakh, as well as tension with Iran regarding ethnic Azeris living across the border, undermine stability in a critical region on the seam of the Middle East, Central Asia, and the North Caucasus. With large estimates of oil and gas reserves in the Caspian, Azerbaijan has the potential to play a significant role in the diversification of American and global energy supplies. With proper advice, technical support, and institutional reform, revenues generated from energy sales could fuel economic growth and support a rise in Azerbaijani standards of living, thereby increasing national and regional stability. Azerbaijan has supported the Global War on Terrorism, Operation Iraqi Freedom, and Operation Enduring Freedom through cooperation in law enforcement, intelligence sharing, and the provision of blanket overflight rights and the possible use of bases. Azerbaijan has deployed peacekeepers to Afghanistan and to Iraq, in addition to an earlier peacekeeping deployment to Kosovo.

The President's January 2002 waiver of the FREEDOM Support Act (FSA) Section 907 restrictions on most forms of assistance to the Government of Azerbaijan gave the United States new tools to advance its interests. This waiver was renewed in December 2003 and January 2005. Since the first waiver, U.S.-funded assistance programs have focused on economic reform, counter-terrorism, NATO interoperability, border security, law enforcement, and efforts to combat corruption and human trafficking.

U.S. assistance enhances Azerbaijan's ability to prevent, deter, detect, and investigate the proliferation of weapons of mass destruction (WMD), weapons technology, expertise and conventional arms, and encourages efforts to halt trans-shipment of narcotics across its borders. Meanwhile, the United States has continued to provide humanitarian assistance in the form of food, medicine, and medical supplies, seeking to ease the plight of the disadvantaged and displaced. Other programs work in community development and health care reform to improve the lives of citizens in the rural regions. Democracy programs have sought to strengthen civil society and encourage political processes that meet international standards. In FY 2007, the United States will focus assistance on economic development – particularly with regard to management and expenditure of Azerbaijan's increasing oil wealth, health care reform, judicial and law enforcement reforms, and export control and border security strengthening.

As a vital link in the Trans-Caspian energy corridor, Azerbaijan must develop a market-oriented, transparent and corruption-free economic, legal, and regulatory system. While there has been some

economic growth, primarily in the energy sector, other areas of the economy are underdeveloped and unemployment remains high. Spillover effects from the energy sector to other sectors of the economy have not yet occurred, raising the potential for social instability if the Azerbaijani public does not see concrete improvement in standards of living as energy inflows generate increasing revenues for the government. The agricultural sector is mired in low productivity. Privatized farms are small and lack reliable access to inputs, water, equipment, and finance. Complex regulations, corruption, and underdeveloped financial systems have hampered private business development.

In FY 2007, FSA-funded assistance will focus on accelerating economic growth by helping the Government of Azerbaijan to efficiently invest and manage its revenues, developing small and medium-sized agricultural enterprises, encouraging competitiveness, and reforming the domestic energy sector. Technical assistance will support the continued strengthening of banking supervision, the improvement of transparency and efficiency of treasury and financial management, and increasing capacity in capital budget preparation. Training opportunities will focus increasingly on economics and business development. The U.S. Government will also continue to work with Azerbaijan on oil wealth management and to support American companies through U.S. Overseas Private Investment Corporation, U.S. Export-Import Bank, and U.S. Trade and Development Agency activities.

Although Azerbaijan has made some progress in creating a democratic system of government, significant problems remain in the areas of media freedom, human rights, and political pluralism, including free and fair elections, as evidenced most recently by the flawed November 2005 parliamentary election. In FY 2007, the United States will continue to promote the development of Azerbaijan's democratic institutions and civil society, with a strong emphasis on combating corruption, strengthening the rule of law, and establishing and ensuring independent media and freedom of information. Programs to assist non-governmental organizations, political parties, and the media will continue to help them to advocate and serve the public interest more effectively.

U.S. assistance to Azerbaijan improves the country's capabilities to combat domestic and transnational criminal activities, including drug trafficking and trafficking in persons. FY 2007-funded law enforcement assistance programs will provide counter-narcotics training, help develop a specialized law enforcement training curriculum, support efforts to detect, prevent, and prosecute cases involving trafficking in persons, support the expanded use of forensics investigative techniques, assist in the development of anti-terrorism and money laundering legislation, support implementation of the new criminal code, and support anti-corruption initiatives.

FY 2007 security assistance will continue to support projects initiated in previous years. Equipment, services, and training will be provided through the Foreign Military Financing (FMF), International Military Education Training (IMET), and Coalition Solidarity Fund (CSF) programs and the regional Global Peace Operations Initiative under the Peacekeeping Operations (PKO) account. FMF will provide assistance for upgrades to the regional military airbase, equipment and training for a National Crisis Management Center, equipment and training for a peacekeeping brigade, and maritime and coastal security equipment. IMET will provide Azerbaijan with general English language training and professional military education in order to increase interoperability and modernization of the Azerbaijani military.

Assistance provided under these programs will not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Azerbaijan and Armenia or be used for offensive purposes against Armenia.

The U.S. and Azerbaijan have a mutual interest in addressing the serious dangers posed by potential trafficking in WMD, associated delivery systems, materials, technologies, conventional arms and weapons expertise in and around Azerbaijan. At the end of 2003, Azerbaijan and the United States signed an implementation agreement to upgrade Azerbaijan's maritime interdiction capabilities regarding WMD and

associated dual-use items under the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program. CTR is also planning a new effort to work with Azerbaijan to increase its biosafety and biosecurity posture.

The Government of Azerbaijan has demonstrated its commitment to nonproliferation by intercepting shipments of concern, and the U.S. will continue its program of assistance under the Export Control and Related Border Security Assistance (EXBS) program funded through the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account. In an effort to prevent weapons proliferation and complement counter-terrorism assistance, EXBS provides equipment to support the technical capacity of Azerbaijan's Customs Service, Border Guards, and Maritime Brigade, including enforcement training, inspection and detection equipment, and communications. EXBS is also supporting upgrades to and training on a U.S. Coast Guard cutter donated under the Excess Defense Articles (EDA) program. Azerbaijan is eligible to receive grant EDA in FY 2007 in accordance with section 516 of the Foreign Assistance Act. The transfer of EDA grants will enhance interoperability and Azerbaijan's ability to participate in NATO and Coalition operations, as well as international peacekeeping missions. Specific end-use assurances will be required for assistance provided under such operations so as not to affect the military balance between Armenia and Azerbaijan.

FY 2007 NADR Anti-Terrorism Assistance (ATA) funding for an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental years. Protecting the investment of prior year NADR-ATA funding will assure that a thorough follow-up assessment of counter-terrorism capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in prior years, guarantee that equipment and facilities are being properly used and that replacement parts are available, support the cooperative relationship with host government officials by signaling the USG's continuing commitment, provide refresher courses for trainers and instructors, and expand training opportunities for new, state-of-the-art counter-terrorism specializations.

In the area of health care, in order to leverage reforms implemented by the Government of Azerbaijan, FSA-funded programs will continue to support accessibility to quality health care services, targeting reproductive health/family planning, primary health care, child survival, and health system strengthening. Programs additionally support improved emergency medicine, a large-scale health survey, and a measles and rubella immunization campaign.

Landmines pose a significant danger in Azerbaijan to people, productivity, and socio-economic development. FY 2007 NADR Humanitarian Demining Program funds will be used to support mine clearance and mine awareness efforts that will save lives and create conditions for the return of displaced persons and refugees, thereby also promoting increased economic growth and productivity. Other humanitarian assistance to internally displaced persons and refugees will continue as needed, with an ongoing emphasis on sustainable development and community-based projects.

**Belarus**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FSA	6,896	11,880	10,000
FSA/NIS-SUP	5,000	-	-
NADR-EXBS	-	250	200

Promoting democracy, human rights, and economic reform will help foster the independence, security and prosperity of Belarus. This will, in turn, contribute to regional stability, security and prosperity. Currently, Belarus' authoritarian regime, the inchoate and besieged state of its democratic institutions, and the government's retrograde economic policies and close relations with rogue states threaten regional development and security. The Belarusian Government's policies isolate Belarus from its neighbors, four of which entered the European Union (EU) in 2004 and one of which – Ukraine – made a large step towards democracy with a generally free and fair election of reform-minded Viktor Yushchenko as president.

These neighboring countries see the Government of Belarus' (GOB) policy orientation as an anachronism that jeopardizes their own future security and prosperity. The United States, in implementing the Belarus Democracy Act, has focused assistance efforts on democracy, human rights, promoting access to independent information, the fight against trafficking in persons, and HIV/AIDS. Although the GOB claims to be willing to provide assistance in the Global War on Terrorism, credible allegations of the transfer of arms and dual-use equipment to countries of concern underscore the importance of achieving a more open, transparent form of governance in Belarus.

U.S. assistance to Belarus seeks to help promote a pluralistic and democratic political culture by empowering a large number of pro-democracy and human rights civil groups, and – to the extent that they still exist as independent entities – educational institutions, political parties, media outlets and associations of small and medium-sized enterprise owners. The U.S. Government's diversified approach to increasing Belarusians' participation in civic activism is reflected not only in assistance targeted at democratic reform but also at social-sector assistance targeted at combating the spread of HIV/AIDS and preventing trafficking in persons.

The GOB has made it increasingly difficult to provide democracy assistance. Over the course of 2005, it sharpened its anti-Western propaganda campaign in the state media, tightened its clampdown on independent media, adopted new restrictions against giving or receiving foreign assistance for many activities remotely related to politics, denied re-registration to non-governmental organizations (NGOs) providing assistance to civil society, impeded exchange programs, and criminalized the act of participating in activities of a suspended or closed NGO, as well as the act of "discrediting Belarus' international image abroad." U.S. assistance programs must therefore be flexible and creative in providing assistance to civil society.

FY 2007 FREEDOM Support Act (FSA) funding will continue to support NGOs that advocate human rights and promote democratic reform. This support will include small grants and training in such areas as advocacy, networking and coalition-building. FY 2007 FSA funding will also continue to support Belarus' besieged independent media, including by providing material and technical support to journalists and editors who are struggling to keep their publications open in the face of continued harassment by the regime and competition from government-subsidized state media.

After the March 2006 presidential election, the thrust of U.S. assistance will be either on cementing democratic gains and facilitating economic reform or alternatively on maintaining support for and links to civil society as a catalyst for democratic change in the longer term; expanding access to independent information, including through broadcasting from outside the country; providing support to independent analytical and educational institutions, and strengthening democratic political forces.

In addition, the U.S. will work with NGOs and Belarusian local authorities to develop strategies to address the threats posed to Belarusian society and regional stability by trafficking in persons and the HIV/AIDS pandemic. NGOs receiving U.S. support will also continue to work to address public health concerns, including tuberculosis, hepatitis, and maternal and infant health. A 2006 humanitarian delivery of pharmaceuticals to treat radiation-related diseases will be made in commemoration of the twentieth anniversary of the Chernobyl disaster.

Opportunities to encourage economic reform through FSA-funded assistance programs are also severely circumscribed in Belarus. Since the election of the current president in 1994, economic liberalization and structural reform measures have been frozen, or in some cases reversed. The country has largely retained a centrally planned economy, with most large-scale enterprises still in government hands and barter trade dominating inter-enterprise transactions. FSA-funded economic reform programs focus on building a constituency for change. Programs educate local stakeholders on internationally accepted economic practices and standards in order to promote a consensus on promoting Belarus' long-term growth via free markets. In addition, projects have helped local banks expand micro- and small enterprise lending operations. In FY 2007 programs will expand and focus on developing the small and medium enterprise sector and on teaching accounting.

In February 1997, the President determined that he could not certify Belarus to be eligible for assistance under the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program due to the country's poor human rights record. Developments since that time have not warranted reconsideration of this decision. Belarus nevertheless remains a member of the International Science and Technology Center (ISTC), a multilateral organization that funds grants to former Soviet weapons-of-mass-destruction (WMD) scientists to assist them to transition to non-weapons-related work. The U.S. generally does not fund grants to Belarusian scientists, the only exception being unique opportunities to promote U.S. security interests or address compelling humanitarian needs. Currently, the only U.S. contributions to the ISTC that are benefiting Belarus are supporting a National Cancer Institute study of the health of Belarusians exposed to radiation from the Chernobyl accident and a Nonproliferation and Disarmament Fund project to design better controls over nuclear materials.

The Export Control and Related Border Security Assistance (EXBS) Program funded under the Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) account is designed to facilitate establishment of an effective national export control and border security system to prevent the proliferation of WMD, their missile delivery systems, related items and other weapons. In FY 2007, the EXBS program will sponsor training exchanges on WMD border search procedures as related to curbing proliferation and international border interdiction training for border security officials.

## Bosnia and Herzegovina

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	8,480	8,910	9,000
IMET	965	891	910
NADR-ATA	1,212	650	580
NADR-CTF	150	-	100
NADR-EXBS	500	875	650
NADR-SALW	-	400	700
SEED	41,000	39,600	31,000

The tenth anniversary of the signing of the Dayton Peace Accords in November 2005 was an occasion to mark the significant progress Bosnia and Herzegovina (BiH) has made and to reflect on the fragility of its constitutional framework and ethnic harmony. State-level defense, intelligence, financial, law enforcement and judicial bodies have been established, but merging of other entity and cantonal institutions into functional state-level bodies will take years to complete. With its porous borders, complex and overlapping layers of government, persistent corruption, and still weak state-level institutions, BiH is an attractive destination and transit point for terrorists and traffickers. It is in the United States' interest to help BiH strengthen its institutions, reduce dependency on foreign assistance, and complete the transition to a modern European state tied to Euro-Atlantic institutions that contributes to regional stability.

In FY 2007, Support for East European Democracy (SEED) programs in BiH will continue to support democratic and economic reforms and strengthen local capacity to maintain internal security and uphold the rule of law. Rule of law programs will provide technical assistance, training, and equipment to consolidate the capacities of the full range of security services, including counterterrorism agencies, police forces in both entities, the anti-trafficking in persons (TIP) strike force, the State Border Service, the State Information and Protection Agency, as well as the War Crimes Court and the High Judicial Prosecutorial Council. SEED-funded economic programs will focus on creating a single economic space with a strong private sector, an investor-friendly climate, and a sound financial and business regulatory environment.

Additional programs will support larger donor efforts to streamline the excessively layered BiH government structure to encourage investment in the private sector. Democracy programs have helped BiH's fledgling NGOs to acquire management and organizational know-how to be sustainable. In FY 2007, SEED-funded programs will continue to enhance the self-sustainability of these organizations and build their capacity to mobilize citizens and voters around policy-based themes. Other democracy programs will target the professionalism and sustainability of the independent media, parliamentary capacities, municipal management and overall government accountability. These programs build on progress made as a result of prior years' assistance. The U.S. Government plans for SEED to fund the Office of the High Representative (OHR) mission in BiH until its closure, with the goals of containing and reducing instability and assisting with post-conflict rehabilitation.

Foreign Military Financing (FMF) funds contribute to U.S. foreign policy objectives by promoting peace and stability in Bosnia. FMF funding in FY 2007 will support BiH's comprehensive defense reform effort. BiH enacted defense reform legislation in 2005, which abolished the entity armies and ministries of defense and created a unified, multi-ethnic, NATO-compatible professional military under a single command. FMF in FY 2007 will help strengthen state-level defense institutions and continue to support this military reform and preparation for Partnership for Peace membership by funding contractor-assisted defense reform; equipment and training support for the development of common logistics, operations, and administrative

infrastructures; communications equipment; equipment and training for multi-functional support battalion for niche capabilities, and maintenance of previously provided U.S. defense equipment.

In FY 2007, International Military Education and Training (IMET) activities will include leadership and professionalization courses, and English language training.

In FY 2007, Bosnia is eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA). Provision of grant EDA will assist Bosnia in meeting its defense requirements, enacting defense reforms, and furthering regional force interoperability.

In FY 2007, the United States will continue its Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) program to assist BiH in establishing an effective export control and enforcement system as part of the U.S. effort to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons. In BiH, NADR-EXBS funds will provide advanced investigations training, inspection/detection equipment and training at key border crossing points, and outreach seminars for industry representatives on compliance with export control requirements.

FY 2007 NADR Anti-Terrorism Assistance (ATA) funding for an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental years. Protecting the investment of prior year NADR-ATA funding will assure that a thorough follow-up assessment of counter-terrorism capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in prior years, guarantee that equipment and facilities are being properly used and that replacement parts are available, support the cooperative relationship with host government officials by signaling the USG's continuing commitment, provide refresher courses for trainers and instructors, and expand training opportunities for new, state-of-the-art counter-terrorism specializations. FY 2007 NADR Counterterrorism Financing will provide training to counter bulk cash smuggling across international borders that support terrorist activities.

FY 2007 NADR Small Arms and Light Weapons (SA/LW) Destruction funds will be used to support the destruction of SA/LW designated as excess to BiH's defense needs by BiH's Defense Reform Commission. Destruction activities will prevent the diversion and illicit trafficking of these weapons, which BiH does not have the resources to properly secure. Matching funds from NADR International Trust Fund (ITF) are channeled through Slovenia's ITF for Demining and Mine Victims Assistance to provide support for humanitarian mine action in BiH.



**Bulgaria**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	6,944	9,900	10,000
IMET	1,532	1,386	1,430
NADR-EXBS	500	-	-
NADR-SALW	-	400	700
Peace Corps	3,311	3,464	3,403
SEED	27,250	19,800	-

Bulgaria is a force for stability and a model for Euro-Atlantic integration in the region. The country is a dependable ally of the United States in the fight against terrorism and has provided support for U.S. initiatives in Iraq, Afghanistan and Kosovo. U.S. assistance has made a significant contribution to the country's transition to a market oriented economy, its progress on democratic reforms, and implementation of military reforms and security controls. A NATO member since 2004, Bulgaria has modernized and professionalized its military, allowing it to participate in NATO military activities. Continued progress on implementation of reforms is critical to Bulgaria's anticipated EU accession in January 2007.

Bulgaria's and Romania's achievements in democratic and economic reform at the point when they were selected as candidates for NATO membership (2002) have become the benchmark standard for the remaining SEED countries. Because of these accomplishments and in view of its anticipated accession to the EU in either 2007 or 2008, Bulgaria is graduating from Support for East European Democracy (SEED) assistance in FY 2006. Completion of SEED-funded programs will continue through 2008.

Bulgaria and the United States have cooperated closely on improving Bulgaria's export controls. FY 2007 Nonproliferation, Anti-Terrorism, Demining, and Related Program (NADR) Export Control and Related Border Security (EXBS) regional funding will be provided on an ad hoc basis, with an emphasis on improving licensing, enforcement, and industry outreach capabilities, coordinated through regional EXBS nonproliferation advisors. Through the NADR Small Arms and Light Weapons (SA/LW) Destruction Program, we will continue to support the destruction of surplus and obsolete SA/LW and associated ammunition remaining in Bulgaria as a legacy of the Cold War.

Foreign Military Financing (FMF) is a vital element in the modernization and professionalization of Bulgaria's armed forces. This modernization is crucial in light of Bulgaria's new status as a member of NATO and its need to be able to operate in a joint NATO environment. The majority of funding will support the development of Bulgaria's niche capabilities, such as construction engineering, chemical defense, military police, field medicine, and special forces/light infantry forces. Additional funds will be dedicated to upgrading command, control, communications, computers, and intelligence (C4I) systems, contractor support for defense reform, and an integrated logistics system.

In FY 2007, Bulgaria will be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Bulgaria in meeting its defense requirements, modernizing and furthering interoperability with NATO.

International Military Educational and Training (IMET) assistance continues to provide crucial support to the Bulgarian Armed Forces. IMET funding includes training for officers and non-commissioned officers (NCOs) in military professionalism, civilian/military relations, and national security affairs. IMET training

will also focus on improving Bulgaria's peacekeeping capabilities and strengthening capabilities in the areas of command control, communications, computers, and intelligence.

**Croatia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
NADR-EXBS	790	1,320	875
SEED	22,000	14,850	-

Croatia is a key contributor to regional stability in the Balkans. Its integration into the Euro-Atlantic community is well underway: EU accession negotiations began in late 2005. The country's full Euro-Atlantic partnership will depend on its ability to complete reforms that ensure a democratic, market-based economy with functional criminal justice and law enforcement systems. Such integration will serve important U.S. interests, such as fighting terrorism, organized crime, trafficking in persons, and other transnational threats, as well as creating a secure and attractive climate for U.S. business.

Croatia has, for the most part, met the SEED benchmark standards in democratic and economic reform, set by Romania and Bulgaria at the point of their selection (2002) as candidates for NATO membership. With this in mind, and in view of the EU's October 2005 decision that Croatia has met the conditions to begin formal EU membership negotiations, Croatia will graduate from SEED funding at the end of FY 2006. Completion of SEED-funded programs will continue through 2008.

In FY 2007, Croatia will again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will help Croatia meet defense requirements and enhance its ability to participate alongside Partnership for Peace/NATO forces in crisis-response operations and other activities.

In FY 2007, International Military Education and Training (IMET) funds will support professional military education and exchanges. This training will facilitate interoperability with NATO.

As part of our efforts to prevent the proliferation of weapons of mass destruction (WMD), their delivery systems, and other weapons, the United States will continue to provide Croatia with Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)-funded assistance in FY 2007. NADR Export Control and Related Border Security Assistance (EXBS) activities will help the Government of Croatia further develop its export control system by educating industry representatives on export control law and strengthening enforcement. NADR-EXBS funding will provide for industry outreach seminars, advanced detection equipment, maritime interdiction training, as well as investigative techniques training to assist with investigation and prosecution of export violations. Matching funds from NADR International Trust Fund (ITF) are channeled through Slovenia's ITF for Demining and Mine Victims Assistance to provide support for humanitarian mine action in Croatia.

**Cyprus**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	13,392	15,840	15,000
NADR-EXBS	580	350	365

The United States has a longstanding interest in facilitating a comprehensive settlement on Cyprus. Since Cyprus issues involve both Greece and Turkey – our NATO allies – these issues affect regional stability for the entire Eastern Mediterranean region.

Cyprus has been divided since the Turkish military intervention of 1974 following a coup d'etat directed from Greece and years of intercommunal strife. The Greek Cypriot and Turkish Cypriot communities are geographically separated by a Buffer Zone, patrolled by the United Nations Peacekeeping Force in Cyprus. The area south of the dividing Green Line is under the control of the Government of the Republic of Cyprus, which joined the European Union in spring 2004. Areas north of the Green Line are administered by the Turkish Cypriot authorities. Only Turkey recognizes the self-proclaimed “Turkish Republic of Northern Cyprus.” The United States does not.

U.S. assistance seeks to reduce tensions and promote a climate that will foster reconciliation and a durable peace settlement for Greek Cypriots and Turkish Cypriots. The U.S. Congress' objectives for Cyprus, as reflected in annual appropriations language, include reunification of the island, reduction of tensions, and promotion of peace and cooperation between the two communities on Cyprus. U.S. assistance supports Congressional objectives by focusing on increasing and strengthening cooperation and mutual tolerance between the two communities, and supporting initiatives that encourage a comprehensive settlement.

In FY 2007 Economic Support Fund (ESF) resources will support the peace process and eventual reunification of the island by increasing bicomunal efforts to build support for a solution. The funding will also continue to support activities that promote the economic integration of the island.

ESF-funded programs include initiatives to reduce economic disparities between the two communities so that the Turkish Cypriot community can shoulder its share of the economic costs of settlement. ESF-funded programs support economic development, civil society empowerment, good governance, education, cultural heritage and natural resource conservation and social and cultural exchange, especially among youth. ESF assistance supports reconciliation through: technical assistance for sector-specific activities and implementing partners; related training and workshops, sub-grants to non-governmental organizations; and commodities including materials, equipment and supplies.

In FY 2007, \$1.2 million is planned for the Bicomunal Support Program, managed by the U.S. Embassy in Nicosia for politically sensitive, shorter-term, priority/opportunity programs to support reconciliation. A total of \$3 million is planned for scholarships and short-term training implemented by the Cyprus Fulbright Commission.

If a political settlement is reached, U.S. assistance will seek to support the terms of the approved peace agreement in strategic areas, facilitate the transition, and be directed to the success and viability of the UN-brokered agreement between the two communities.

Under the Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) account, the Export Control and Related Border Security Assistance (EXBS) program in Cyprus has made real progress in the

area of transshipment controls and export control enforcement, including establishment of a dedicated Cypriot Customs team to inspect transshipment container cargo. Additional assistance will build on these accomplishments by providing additional advanced investigative and enforcement techniques training to encourage prosecution of export control violations as well as seaport and maritime interdiction training for Customs and Marine Police Officers.

## Czech Republic

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	5,952	3,960	3,500
IMET	2,051	1,881	1,875

Assistance from the United States has contributed to the Czech Republic's development into a democratic, free-market-oriented NATO ally. The Czech Government, including the small but effective Czech Army, has proven to be a stalwart partner in the Global War on Terrorism and in peacekeeping missions in Europe, Africa, and Central Asia. At the beginning of 2006, the Czechs had a military police unit in Iraq training Iraqi policemen and have pledged to deploy a team of 120 Special Forces to Afghanistan in the spring of 2006. There was also a small unit at the airport in Kabul handling weather reports and air traffic control. Over 400 Czech troops serve in Kosovo and over 60 in Bosnia as part of the European Union's Operation Althea. They have 10 peacekeepers on United Nations missions in Africa and Georgia. Providing specialized support has become a priority for the Czech Republic, as shown by these contributions.

The primary U.S. interest continues to be the enhancement of Czech interoperability with coalition and NATO forces and the development of specialized capabilities in line with NATO niche requirements. FY 2007 Foreign Military Financing (FMF) funds will focus on supporting a NATO-compatible command and control system, providing special forces equipment, providing equipment to support mobile and stationary detection and warning systems, and supporting reform within the Czech Armed Forces.

Helping the Czech Republic continue to make progress in the area of military modernization will maximize Czech contributions to NATO's role in European security. Robust FMF and International Military Education and Training (IMET) programs are essential in helping the Czech Republic realize NATO force goals. IMET in FY 2007 will fund professional military training, provide training in personnel and acquisition management, English language training, and various specialized/technical training for the units and sections designated to support NATO. FMF and IMET are particularly important due to their focus on increasing the Czech Republic's support capability to deploy or receive forces. Restructuring of the Czech military will need to be consolidated through training and further organizational reform. U.S. assistance, in the form of FMF and IMET funds, will complement the Czech Republic's national resources, greatly increase U.S. influence in Czech defense policy and procurement decisions/process, and will help the Czech Government stay on track in its reforms.

FY 2007 funds will focus on promoting three objectives:

- increase the ability of the Army of the Czech Republic to prepare and deploy forces that can provide required support to NATO and coalition operations;
- assist in the development and enhancement of NATO-supported niche capabilities and support the ability of the Czech Republic to meet its NATO Force Goals;
- assist in the implementation of defense reform activities required to maximize military capabilities available to NATO and coalition operations tools.

In FY 2007, the Czech Republic will be eligible to receive grants of Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist the Czech Republic in meeting its defense requirements, furthering NATO interoperability, and supporting GWOT coalition assistance.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States has provided substantial Nonproliferation, Antiterrorism, Demining and Related Activities (NADR)-funded Export Control and Related Border Security Assistance (EXBS) in the form of a cooperative program to strengthen the Czech Republic's export control system. Since the Czech Republic has made significant progress in establishing an effective export control system, no NADR-EXBS funding is being requested specifically for the Czech Republic in FY 2007; however, regional NADR-EXBS funds will continue to fund Czech participation in regional export control events on an ad hoc basis.

**Estonia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	4,960	4,455	4,000
IMET	1,183	1,188	1,185
NADR-ATA	-	75	-
NADR-EXBS	1,000	50	-

Estonia and the other two Baltic states of Latvia and Lithuania are important to Northern Europe's long-term stability. In light of Estonia's accession into NATO and the European Union in 2004, the country's prospects for the future appear promising. The United States has maintained a significant assistance relationship with Estonia ever since it regained its full independence from the Soviet Union. Now that Support for East European Democracy (SEED) assistance to Estonia has phased out, U.S. assistance is focused on the military and security fields.

Estonia has shown itself to be a reliable partner for the United States in the Global War on Terrorism and on other vital foreign policy issues. Estonia has contributed forces to operations in Iraq and Afghanistan. U.S. goals for Estonia remain the promotion of good-neighborly relations between Estonia and nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Estonia is interested in sharing its experience in political and economic reform with the Eurasian countries, an effort that the United States fully supports.

Since regaining its independence, Estonia has faced the difficult task of building its military from the ground up; U.S. assistance has played a key role in that process. As Estonia allocates its resources on a priority basis for its defense needs, as well as for its contribution to overall European security and stability, International Military Education and Training (IMET) funds will be used to provide professional military education for personnel, uniformed and civilian, serving in key positions in the National Armed Forces and Ministry of Defense. IMET will continue to expose Estonian officers and non-commissioned officers (NCOs) to American tactics, doctrine, and leadership -- important elements in raising their level of professionalism.

Estonia's efforts to become fully interoperable for participation in NATO and NATO-associated operations, including peacekeeping, peace enforcement, and humanitarian assistance, will be sustained in part by Foreign Military Financing (FMF). In FY 2007, FMF funds will provide tactical communications equipment/training aids for use by the Baltic Defense College, communications upgrades to enhance interoperability between the Estonian Defense Forces and NATO networks, tactical communications equipment for the infantry brigade, signal and reconnaissance battalions, and navigational aides for Amari Air Base.

In FY 2007, Estonia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA materiel will help Estonia meet its national defense requirements, further its interoperability with NATO, and potential coalition support needs.



**Georgia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	2,000	-	-
FMF	11,904	11,880	10,000
FSA	86,000	66,330	58,000
IMET	1,413	1,188	1,235
NADR-ATA	941	1,804	1,014
NADR-EXBS	-	-	2,000
NADR-HD	3,000	950	1,500
NADR-SALW	405	650	-
NADR-TIP	-	-	150
P.L. 480 Title II	1,594	1,406	-
Peace Corps	1,656	1,799	1,944

Georgia plays a key role in furthering U.S. interests. As one of our premier partners in the Global War on Terrorism, Georgia has provided peacekeeping forces to Iraq (the second largest per capita contributor in the Coalition). Georgia granted the United States blanket overflight rights and potential basing permission, and contributed personnel to the U.S. Central Command's (CENTCOM) area of operations.

Since the November 2003 Rose Revolution, the Government of Georgia, seeking to integrate into international organizations and institutions, has taken on an array of reforms with a level of political will unmatched within Eurasia. Georgia has been a close partner in advancing the United States' freedom agenda, and its commitment to free-market democracy has served as a model for reform in a region which largely fails to meet international standards for democratic processes.

U.S. assistance supports the Government of Georgia's efforts to control the country's borders, reducing the risk of conflict in the region and helping to block the transit of terrorists and weapons into and out of the North Caucasus. Furthermore, with the expected completion of an oil pipeline in 2006 and gas pipelines in the coming years, Georgia is becoming a key conduit through which Caspian Basin energy resources will flow to the West, facilitating diversification of energy sources for the United States and Europe.

In recognition of the country's rapid improved performance, Georgia has signed a five-year, \$295.3 million Millennium Challenge Compact which will provide for regional infrastructure rehabilitation, enterprise development, and support for agribusiness development. Implementation of these programs will be closely coordinated with FREEDOM Support Act (FSA)-funded programs to ensure maximum development effect and poverty alleviation.

The FSA-funded Georgia Border Security and Law Enforcement (GBSLE) Assistance Program will continue to provide necessary equipment (such as radios, remote sensors, surveillance and detection equipment), logistical and infrastructure support, and training to help the Georgian Border Guard, Coast Guard, Customs Service, and other security forces maintain an active presence on Georgia's land and sea borders. The GBSLE Program will continue to enhance Georgian capabilities to monitor and control territorial borders, patrol internal checkpoints, and prosecute criminals and terrorists. In addition, this program will continue to enhance interoperability between Georgian security forces and U.S. and Coalition forces. GBSLE assistance will also include support for command/control/communications,

vessels and aircraft, spares and maintenance, radar and facilities operation and management, and new tactical utility vehicles.

Building on export control assistance activities begun in 2006 with FSA funds, EXBS (Export Control and Related Border Security) Assistance programs will draw on FY 2007 NADR (Nonproliferation, Anti-terrorism, Demining, and Related Programs) funds to help the Georgian Government reduce the risks of proliferation of WMD, related materials, and technologies. Assistance will focus on training and equipment to foster enhanced border controls. Internal compliance with export controls will also continue to be a high priority of FY 2007 assistance.

FY 2007 NADR Anti-Terrorism Assistance (ATA) funding for an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental years. Protecting the investment of prior year NADR-ATA funding will assure that a thorough follow-up assessment of counter-terrorism capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in prior years, guarantee that equipment and facilities are being properly used and that replacement parts are available, support the cooperative relationship with host government officials by signaling the USG's continuing commitment, provide refresher courses for trainers and instructors, and expand training opportunities for new, state-of-the-art counter-terrorism specializations. FY 2007 NADR Terrorism Interdiction Program funding will sustain existing program operations and provide for software upgrades to program equipment.

Georgia has begun to implement reforms mandated by an Individual Partnership Action Plan (IPAP) approved by NATO. Georgia hopes to complete these reforms and obtain a Membership Action Plan (MAP) from NATO in 2006/2007. The centerpiece of U.S.-Georgian security and counterterrorist cooperation has been the U.S. training of five Georgian battalions in the high-profile Georgia Train and Equip Program (GTEP), which ended in FY 2004. Sustained work with these units under the Security and Sustainment Operations Program (SSOP) designed in 2004 will continue to be supported in FY 2007 through Foreign Military Financing (FMF). In addition, FMF will fund consultants to assist the Ministry of Defense and General Staff in the area of defense reform, and provide maintenance for previously provided helicopters.

The International Military Education and Training (IMET) program will be used to increase professionalism and the capabilities of the Georgian Officer Corps. IMET will provide professional military education (PME) courses, English language training, and civilian professionalism courses.

In FY 2007, Georgia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Georgia in meeting its defense requirements, furthering its interoperability towards NATO accession, and support coalition activities.

FSA funding provides peaceful research and employment opportunities for former-Soviet weapons experts in Georgia, with a view to preventing the spread of their expertise to rogue states or terrorist organizations.

FY 2007 FSA funding will support initiatives to improve anti-corruption, law enforcement, and judicial reform efforts. Assistance programs will work with the law enforcement agencies, the Procuracy, and the Georgian National Forensic Bureau to improve capacity and provide assistance in meeting international standards.

In FY 2007, FSA-funded democracy programs will build on the momentum of recent reforms, as well as the significant will of the Georgian Government to meet international political and economic standards as a means for integration into Western institutions. Additionally, U.S. assistance programs will support

political pluralism and the development of an effective opposition by supporting parliamentary reform, increased capacity of non-governmental organizations (NGOs), and independent media. FSA funds will continue to support governmental institutional reform at both the local and national levels.

FSA-funded economic reform programs will support the Georgian Government's efforts to reform the country's legal and regulatory systems, privatize the economy, implement budgetary reforms, fight corruption. The United States will continue to support development of private-sector markets, including continued land reform and privatization of government assets. Programs will strengthen the capacity of institutions in the energy sector, thereby furthering Georgia's efforts to reach energy independence. FSA funding in FY 2007 will continue to support programs devoted to the non-governmental sector, including agriculture, and business support and credit programs that help small and medium-sized private businesses.

In FY 2007, FSA-funded humanitarian programs will continue to provide critical medical and emergency help to refugees, internally displaced persons, and other impoverished persons in underserved and remote areas of Georgia. U.S. organizations working with the U.S. Government in partnership with the Government of Georgia and local NGOs will administer basic medical services and provide essential medicines, clothing and food to refugees, IDPs, children, the elderly, and other vulnerable populations.

In FY 2007, the United States will continue to assist Georgian efforts to peacefully integrate the separatist regions of Abkhazia and South Ossetia. FSA-funded humanitarian programs will be expanded to benefit impoverished or displaced individuals affected by the separatist conflicts. Funding will also be used to promote economic integration, such as a Needs Assessment Survey in South Ossetia conducted in conjunction with the Organization for Security and Cooperation in Europe (OSCE). Additional programs will include exchanges with Abkhaz and Georgian youth leaders to promote better understanding for democracy and tolerance. This type of assistance will be crucial to establishing Georgia's territorial integrity and promoting regional security. In FY 2007, the NADR-funded Humanitarian Demining Program will continue to address the threat of landmines and unexploded ordnance from the Abkhazia region of Georgia.

**Greece**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	1,026	594	590
NADR-ATA	137	-	-

A key NATO ally, Greece is strategically located near Balkan and Middle East trouble spots, and is essential to the ability of the United States and other allies to respond to contingencies in Southern Europe and further east. The U.S. naval base at Souda Bay, Crete has played a pivotal role in recent U.S.-led military coalition operations. Greece has given full support to Operation Enduring Freedom and has pledged over \$3.6 million for assistance to Afghanistan. Roughly 135 Greek troops currently serve with NATO in Afghanistan, including the Greek contingent manning the premier military medical facility in Kabul. As the only country in its region belonging to both NATO and the European Union, Greece is a role model for its neighbors, as well as a leading participant in international efforts to promote democracy, stability, and development in Southeastern Europe. Greece also is essential to U.S. efforts to promote a solution on Cyprus and, more broadly, to encourage the peaceful resolution of disputes in the Aegean region. Furthermore, Greece plays a moderating role in the Balkans regarding Kosovo and continues to take positive steps to reduce military tensions with Turkey, as a part of the general rapprochement in relations between the two countries.

The United States seeks to help Greece fulfill its NATO responsibilities, strengthen international cooperation on counterterrorism, and take steps that facilitate U.S. business interests. In FY 2007, the International Military Education and Training (IMET) program will continue to promote the professionalization of the Greek military, and thus U.S. interests, through the training of Greek officers in the United States, thereby establishing cooperative relations with the U.S. military. Prior-year IMET funds have helped Greece maintain a modern military capable of meeting the country's NATO commitments. Furthermore, IMET funds indirectly promote the use of U.S. defense-related articles, thereby enhancing NATO equipment standardization goals.

Consistent with its readiness needs and NATO obligations, Greece also is a recipient of Excess Defense Articles (EDA). It will again be eligible to receive an EDA grant in FY 2007 under Section 516 of the Foreign Assistance Act. The transfer of EDA to Greece accords with U.S. and NATO efforts to strengthen regional stability in Southeastern Europe and the Eastern Mediterranean. In view of Greece's strategic location, the United States in recent years has asked Greece to become a more active participant in key regional peacekeeping missions in Albania, Bosnia, and Kosovo. As an active member of the Multilateral Peacekeeping Force Southeast Europe, Greece may also use EDA in related regional missions, all of which are designed to promote stability in the region.

**Hungary**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	5,951	2,475	2,500
IMET	2,013	1,559	1,480
NADR-ATA	-	75	-

U.S. assistance has helped Hungary develop into a stable, democratic, market-oriented NATO ally and member of the European Union that actively participates in NATO and coalition operations, thereby contributing to both regional and global security. Hungary has contributed to international community efforts in the Balkans, Iraq, and Afghanistan, and participates in a number of United Nations peacekeeping missions. Hungary has also been an ally in the Global War on Terrorism (GWOT). The Hungarian government supported NATO's International Security Assistance Force (ISAF) in Afghanistan throughout 2005 and has proposed to provide a Provincial Reconstruction Team (PRT) there as early as the fourth quarter of 2006.

In addition, Hungary has a small contingent of military trainers supporting the NATO Training Mission in Iraq (NTM-I) and has offered a force protection unit to that operation. Hungary has also supported counter-terrorism training at the International Law Enforcement Academy (ILEA) in Budapest, partly funded by Support for East European Democracy (SEED) money. Hungary was one of the first countries to graduate from bilateral SEED Act support and will not receive SEED assistance in FY 2007. In 2006, U.S. assistance also enabled Hungary to continue decommissioning 1,540 obsolete, Soviet-era SA-7 Man-Portable Air Defense Systems (MANPADS).

FY 2007 Foreign Military Financing (FMF) and International Military Education and Training (IMET) assistance will continue to focus on improving Hungary's ability to deploy forces that are more capable and interoperable for alliance/coalition operations in support of the GWOT and peace support operations. The following projects are already underway or in the planning phase:

- Special Operations Force (SOF) development, including equipment, arms, communications and extensive in-country training. The first SOF company will attain initial operating capability by the end of first quarter FY 2007;
- enhancement of light infantry units, including acquisition of arms and equipment (including night vision devices and hand-held Global Positioning Satellite receivers);
- equipment and training for a potential Provincial Reconstruction Team (PRT) deployment to Afghanistan (including support for military police development); and
- facilitating the purchase of nuclear, biological and chemical (NBC)-related medical equipment.

FY 2007 FMF will fund equipment for light infantry battalions (such as armaments, night vision devices, global positioning systems, and communications and control equipment) and military medical capabilities. It will also be used to further Hungary's interoperability with NATO and the U.S. by funding upgrades to equipment and capability. Additionally, FMF will be used to assist with developing, training, and equipping a Special Operations capability.

IMET funds have complemented FMF assistance by supporting the larger goals of interoperability with U.S. forces, fostering NATO integration, and defense reform by providing much-needed exposure to American doctrine, tactics and leadership skills for Hungarian officers and non-commissioned officers (NCO). FY 2007 IMET will fund mobile training teams to provide technical, hands-on training for Hungary's tactical units, professional military education, and technical courses to develop personnel knowledge and skills required to perform mission requirements. IMET training in FY 2007 will continue to focus on infantry, SOF, medical, military police, and NCO development, both in training courses located in the United States and in-country Mobile Training Teams. The IMET program is the most successful of all Security Assistance tools available for Hungary, both for training soldiers for current operations and for development of future military leaders.

With the help of previous U.S. Nonproliferation, Antiterrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security Assistance (EXBS), Hungary has made significant progress toward establishing an effective export control system. Hungary has maintained a strong nonproliferation record over the last several years, implementing stringent legal controls on exports of dual-use equipment and arms. Although there is no NADR-EXBS request specifically for Hungary in FY 2007, regional NADR-EXBS funds will continue to support Hungary's participation in regional export control events on an ad hoc basis.

In FY 2007, Hungary will continue to be eligible for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Hungary in meeting its defense requirements, enhancing its NATO interoperability, and support coalition activities.

**Ireland**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	21,824	16,830	3,500

A permanent political settlement in Northern Ireland remains a priority foreign policy goal of the United States. The United States supports full implementation of the Good Friday Agreement, which provides a framework for lasting peace and reconciliation in the region.

A total of \$3.5 million in Economic Support Funds (ESF) is requested for the Walsh Visa Program, which is dedicated to supporting economic regeneration and peace and reconciliation in Ireland and Northern Ireland. The October 1998 law establishing this program was designed for young residents of Northern Ireland and the border counties of Ireland, to enable them to “develop job skills and conflict resolution abilities.” Those meeting the program criteria are eligible for non-immigrant visas enabling them to work for up to three years in the United States to gain job experience and work skills.

The first group of Walsh Visa Program participants entered the United States in March 2000, and the most recent group arrived in October 2005. In November 2004, Congress renewed the program through FY 2008. FY 2007 funding will provide continued support and monitoring for current Walsh participants until their return home.

**Kosovo**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-TIP	-	-	150
SEED	83,000	74,250	79,000

In October 2005, the Security Council endorsed beginning a process designed to determine Kosovo's final political status, as called for in UNSCR 1244 (1999). The launch of status talks ensures that FY 2007 will be a critical year for Kosovo. While the outcome of the status talks is not known, many of the parameters are clear. U.S. assistance priorities will remain targeted at helping the Provisional Institutions of Self Government (PISG) meet the UN's Standards for Kosovo and later help them implement a status settlement. The UN standards, deemed crucial to Kosovo's functioning as a stable, multiethnic, and democratic society, include the development of functioning democratic institutions, the rule of law, freedom of movement, sustainable return of refugees and displaced persons, a market-based economy, property rights, and an open, direct dialogue with Belgrade.

As greater responsibilities are transferred to the PISG from the UN Mission in Kosovo (UNMIK), U.S. assistance will boost its support to strengthen Kosovo's human and institutional capacity and enhance transparency. Institution building, particularly in the areas of democracy, the rule of law, and the economy, will remain an important component of SEED-funded assistance in FY 2007. U.S. support will continue to increase the capacity of municipal-level governments through training, advisors, and other support. SEED assistance will also strengthen independent media, civil society organizations, and youth and civic leaders. Support to the Kosovo Police Service (KPS) and the Kosovo justice system will build capacity in the rule of law sector.

To promote Kosovo's economic recovery and integration into the regional economy -- a fundamental objective of U.S. assistance -- the U.S. Government will provide technical assistance and advisors at both the central and local levels in key areas such as budgeting and finance, commercial law, privatization, energy infrastructure, and private enterprise development. U.S. assistance will also support the sustainable return and reintegration of ethnic minorities in Kosovo, largely by helping the PISG meet the Standards for Kosovo, thus facilitating Kosovo's development into a stable, multiethnic society.

The uncertainty of the post-status period highlights the importance of U.S. assistance to maintaining regional stability. SEED assistance aims to solidify stability and democracy within Kosovo in order to hasten the day when the NATO-led Kosovo Force (KFOR), which currently includes approximately 1,700 U.S. troops, can withdraw. Given the importance of law enforcement and administration of justice, the United States will continue to support the UNMIK International Police Force and to train and equip the multi-ethnic KPS, which is expanding its investigative capabilities, including against organized crime. Matching funds for Non-proliferation, Anti-terrorism, Demining, and Related Programs (NADR) International Trust Fund (ITF) are channeled through Slovenia's International Trust Fund for Demining and Mine Victims Assistance, to provide selected assistance, such as training and equipment to the Kosovo Protection Corps (KPC) demining units.

FY 2007 NADR Terrorism Interdiction Program funding will sustain existing program operations and provide for software upgrades to program equipment. In all of our efforts the U.S. works with our European partners toward the common goal of a Kosovo where all, regardless of race or religion, live freely and securely. We will also work with the Europeans to make sure Kosovo continues on its path toward Euro-Atlantic integration.



**Latvia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	4,960	4,455	4,000
IMET	1,396	1,188	1,185
NADR-ATA	-	75	-
NADR-EXBS	1,000	50	-

Latvia and the other two Baltic states of Estonia and Lithuania are important to Northern Europe's long-term stability. In light of Latvia's accession into NATO and the European Union in 2004, the country's prospects for the future appear promising. The United States has maintained a significant assistance relationship with Latvia ever since it regained its full independence from the Soviet Union. Now that Support for East European Democracy (SEED) assistance to Latvia has phased out, U.S. assistance is focused on the military and security fields.

U.S. goals for Latvia remain promoting good-neighborly relations between Latvia and nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Latvia is interested in sharing its experience in political and economic reform with the Eurasian countries, an effort that the United States fully supports. Latvia has proven itself to be a reliable partner for the United States in the Global War on Terrorism and other high-priority foreign policy issues. In FY 2007, U.S. defense and military assistance programs will provide material aid and training, complement allied and partner-state support for Latvia by facilitating Latvia's participation in multilateral projects, and strengthen the professionalism of the country's defense establishment.

Latvia's military had to start from almost nothing after the country regained its independence. Nevertheless, in little more than a decade, it has become a territorial defense force capable of taking part in international operations. Latvia contributes personnel in Iraq, Afghanistan and the Balkans. Progress by the Latvian Government in developing its military and procuring significant new defense materiel is constrained by limited availability of national funding. However, the Government of Latvia is committed to annual allocations for defense spending at 2% of GDP through 2008. The chief goals of the Latvian military are to enhance military professionalism and NATO interoperability. At the same time, essential salary reforms and quality-of-life projects, such as improved housing, which are necessary for building a professional force, have been high priorities and will continue to consume a large part of initial budget increases.

Foreign Military Financing (FMF) is a critical factor in Latvia's efforts to make its military more interoperable for U.S. and NATO-associated operations, including exercises, peacekeeping, peace enforcement, and humanitarian assistance. In FY 2007, FMF will be used to fund communications equipment; nuclear, biological, chemical (NBC) defensive equipment; simulation and modeling capability; equipment for special operations/special purposes forces; equipment to support the infantry brigade; high-mobility multipurpose wheeled vehicles (HMMWVs); and support for the Baltic Air-surveillance network (BALTNET).

The International Military Education and Training (IMET) Program also supports Latvia's reform efforts. In FY 2007, IMET will focus on providing military education for Latvian personnel serving in key positions within the Latvian Ministry of Defense and Armed Forces. Other programs to be funded include basic and advanced courses for officers in highly specialized areas, training for key civil servants, and support for the English language training center.

In FY 2007, Latvia will again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Articles transferred to Latvia under EDA will help it meet defense requirements and support NATO interoperability and coalition assistance.

**Lithuania**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	5,456	4,455	4,000
IMET	1,306	1,188	1,185
NADR-ATA	-	75	-
NADR-EXBS	1,000	538	-

Lithuania and the other two Baltic states of Estonia and Latvia are important to Northern Europe's long-term stability. In light of Lithuania's accession into NATO and the European Union in 2004, the country's prospects for the future appear promising. The United States has maintained a significant assistance relationship with Lithuania ever since it regained its full independence from the Soviet Union. Now that Support for East European Democracy Act (SEED) assistance to Lithuania has phased out, U.S. assistance is focused on the military and security fields.

Lithuania has proven itself to be a reliable partner of the United States in the Global War on Terrorism, as well as in other high-priority foreign policy areas. Lithuania contributes personnel in Iraq, Afghanistan and the Balkans, including leading a Provincial Reconstruction Team (PRT) in Afghanistan. U.S. goals for Lithuania remain promoting good-neighborly relations between Lithuania and nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Lithuania is interested in sharing its experience in political and economic reform with the Eurasian countries, an effort that the United States fully supports. In late 2005, Lithuania, together with Poland, played an important role in supporting a free and fair presidential election in Ukraine.

Since regaining independence, Lithuania has had to build its military up from almost nothing. By joining the European Union and NATO, Lithuania has now achieved full integration into Euro-Atlantic security structures. The United States is fostering the development of Lithuania's military by supporting its ability to interact effectively with NATO, thereby facilitating Lithuania's contributions to stability and dialogue in the region. Lithuania is committed to maintaining defense spending at 2% of GDP and is seeking to prioritize its military spending, both for its own defense needs and for its contributions to European security overall.

The International Military Education and Training (IMET) Program will continue to strengthen and modernize Lithuania's defense establishment through education and training for military officers and Defense Ministry civilians. Specific training will include study at U.S. Senior Service Colleges, staff colleges, captain career courses, basic officer courses, non-commissioned officer academies, and specialty training in logistics, explosive ordnance disposal (EOD) and special forces operations. The goal of this assistance is to develop a well-educated, professional cadre that enhances support for democratic values, civilian control of the military, and the adoption of procedures, doctrines, and training techniques that are consistent with those of Western democracies.

Foreign Military Financing (FMF) provides essential support to the Lithuanian military in its efforts to become more interoperable for participation in NATO and other international peacekeeping and peace enforcement operations, as well as humanitarian assistance. Lithuania contributes personnel to operations in Iraq, Afghanistan, and the Balkans. In FY 2007, FMF will be used to fund a Sentinel radar for a dual mount Stinger Man-Portable Air Defense Systems (MANPADS) system, individual soldier equipment for Lithuanian troops participating in the Global War on Terrorism, vehicles, and Baltic Air-surveillance Network support (BALTNET).

In FY 2007, Lithuania will once again be eligible to receive grant EDA under section 516 of the Foreign Assistance Act. Materiel transferred as EDA will help Lithuania to meet defense requirements and reform initiatives, further NATO interoperability, and support coalition assistance. The provision of EDA also will contribute to Lithuanian maritime sovereignty and facilitate the country's ongoing contribution to European security and environmental amelioration through Baltic Naval/Demining Squadron (BALTRON) operations to remove World War II and Cold War-era sea mines and unexploded ordinance.

**Macedonia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	5,208	3,960	3,600
IMET	729	644	665
NADR-ATA	1,718	1,225	1,009
NADR-EXBS	400	700	650
NADR-TIP	-	-	150
Peace Corps	1,700	1,846	1,833
SEED	37,000	34,650	27,000

U.S. interests in Macedonia include further consolidation of stability and security, and acceleration of progress on democratic, economic, and military reforms on its path to full integration into Euro-Atlantic institutions. Macedonia is a valuable regional role model of successful multi-ethnic democracy, with constructive relations with its neighbors and stable political institutions. Macedonia has been a close and cooperative partner of the United States in the region. It played a key, supportive role to U.S. and Allied efforts during the Kosovo crisis and remains the main conduit for assistance and logistics for international forces and the United Nations administration in Kosovo. Macedonia is also a strong ally in the Global War on Terrorism and contributes troops to coalition efforts in Iraq and Afghanistan.

By working to complete its obligations under the 2001 Framework Agreement (FWA) that ended the 2001 ethnic Albanian insurgency, Macedonia has managed to peacefully defuse incidents of ethnic tension from escalating into violence and has made an invaluable contribution to regional stability. Macedonia continues to ensure its own future as a unified, multiethnic democracy. The failure of a November 2004 referendum that would have halted decentralization -- a central pillar of the FWA -- paved the way for completing in July 2005 the legislative framework for the FWA. With strong USG support and assistance, Macedonia continues to implement in practice key elements of the FWA, including decentralization.

The strategic goal that guides Support for East European Democracy (SEED) assistance to Macedonia is to anchor its stability by: promoting economic growth and development; strengthening law enforcement and judicial systems; preventing and responding to terrorist threats; strengthening democratic systems and practices; bolstering Macedonia's prospects for NATO and EU membership; and promoting mutual understanding. In late 2005, the EU granted Macedonia candidate status, but expects more progress on reform before it will launch formal membership negotiations.

In FY 2007, USG assistance programs in Macedonia will support and accelerate further reforms, specifically targeting economic development, democratic and social sector reform; and will aim to strengthen rule of law, support further decentralization, and promote inter-ethnic relations and mutual understanding. SEED-funded programs are coordinated with other international donors, including OSCE.

SEED assistance has resulted in significant increases in citizen participation and the effectiveness of political parties, the Parliament, and NGOs. However, democratic institutions and practices require further strengthening. Citizen participation and decentralization programs would target these weaknesses. In line with both NATO and the EU membership standards, substantial additional progress on law enforcement and judicial reform is necessary. SEED-funded rule of law programs would provide prosecutorial and police advisors as well as target court modernization.

The Macedonian military has made significant progress since 2001, but will still need training and equipment to enhance its ability to counter threats to Macedonian security, while preparing for NATO membership and contributing to international military missions. Foreign Military Financing (FMF) and International Military Education and Training (IMET) would continue to support reform and modernization of the armed forces by assisting Macedonia in achieving its NATO Membership Action Plan (MAP) goals. FY 2007 FMF will focus on upgrading the military's tactical communication systems for Macedonian Special Forces, as well as upgrading IT infrastructure. FMF will also fund contractor-assisted defense reform and English language training. IMET funds will continue to be used for professional military education and various technical courses.

The Macedonian military still faces significant reorganization and modernization challenges in pursuit of affordable force structures that conform to a NATO-compatible model and are based on a realistic threat assessment. Macedonia completed a bilateral defense assessment in 2002. Since then, it has made consistent strides in meeting its MAP goals while improving the quality and training of its non-commissioned officer (NCO) corps and senior leadership. Macedonian Ministry of Defense civilians, senior military officers, and NCOs have received instruction through the IMET Program.

Macedonia continues its cooperative relations with the NATO/KFOR presence in Kosovo, utilizing this opportunity to familiarize its officers with NATO procedures, and actively seeking joint training opportunities with tactical NATO units in the region. In FY 2007, Macedonia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA would assist Macedonia in meeting short-term defense needs, capability enhancements through continued defense reform, and further interoperability improvements.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)-funded Export Control and Related Border Security Assistance (EXBS) to help the Macedonian Government put in place a fully effective export control and enforcement regime. With FY 2007 NADR funding, the EXBS program will concentrate on finalizing export control legislation implementing regulations, enhancing government outreach to industry, and improving the Macedonian Government's ability to enforce export controls. Continued emphasis will be placed on establishing a professional cadre of interagency licensing officials. Matching funds from NADR International Trust Fund (ITF) are channeled through Slovenia's International Trust Fund for Demining and Mine Victims Assistance to provide selected assistance such as equipment and training for the Macedonia humanitarian mine action program.

FY 2007 NADR Anti-Terrorism Assistance (ATA) funding for an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental years. Protecting the investment of prior year NADR-ATA funding will assure that a thorough follow-up assessment of counter-terrorism capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in prior years, guarantee that equipment and facilities are being properly used and that replacement parts are available, support the cooperative relationship with host government officials by signaling the USG's continuing commitment, provide refresher courses for trainers and instructors, and expand training opportunities for new, state-of-the-art counter-terrorism specializations. FY 2007 NADR Terrorism Interdiction Program funding will sustain existing program operations and provide for software upgrades to program equipment.

**Malta**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
INCLE	2,976	-	-
NADR-EXBS	100	660	375
NADR-TIP	-	-	50

Malta's location in the center of the Mediterranean allows it to play a critical role in the region. Nearly one-third of the world's maritime traffic passes by or through this island nation. Malta joined the European Union in 2004 and cooperates fully with both the United States and its European partners to promote regional security and stability. The government of the majority Nationalist Party fosters good relations with the United States and has been responsive to requests related to the Global War on Terrorism. Malta's economy, driven by tourism, manufacturing and financial services, is growing modestly. The country's Freeport Container Terminal serves as a transit link in the flow of goods to and from sensitive areas such as Libya, Iran and the Balkans. The Iranian state-owned shipping line made Freeport its Mediterranean hub in 2004. Of greatest concern to the United States is the potential movement of weapons of mass destruction (WMD) and missile-systems-related items. Malta has become an active partner with the U.S. in combating terrorism and WMD proliferation and it is in the U.S. Government's interests to continue to assist Malta in strengthening its capabilities to support these efforts. The Maltese government began negotiations with the United States on a Proliferation Security Initiative (PSI) Shipboarding Treaty in December 2005.

The U.S. Government is strengthening Malta's counternarcotics, counterterrorism, anti-trafficking and nonproliferation capabilities through assistance provided under the Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) account. FY 2007 NADR Terrorism Interdiction Program funding will sustain existing program operations and provide for software upgrades to program equipment.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Malta with NADR-funded Export Control and Related Border Security Assistance (EXBS). In FY 2007, NADR-EXBS assistance will continue to leverage Government of Malta (GOM) advances with respect to improved cargo manifest targeting and inspection. The EXBS program will provide limited secondary radiation detection equipment to targeting and mobile Vehicle and Cargo Inspection System (VACIS) teams to complement planned upgrades to existing radiation portal monitors. Additional funding will be used to assist the GOM in increasing its daily container screening/inspection rate. In response to the GOM's significant progress in establishing an increasingly robust export control system, training will focus on advanced targeting techniques and well as undercover investigations training.

FY 2007 IMET funds will be used to professionalize Malta's officer and enlisted corps and to provide maritime interdiction training. In FY 2007, Malta will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Malta in meeting its defense requirements, furthering its interoperability with allies, and support potential coalition activities.

**Moldova**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	446	495	500
FSA	17,350	17,820	16,000
IMET	1,044	891	885
NADR-EXBS	495	320	300
Peace Corps	2,277	2,442	2,484

Moldova has been a strong supporter of the Global War on Terrorism, Operation Enduring Freedom, and Operation Iraqi Freedom. It granted the United States overflight rights and basing rights and sent three separate contingents to support Coalition forces. U.S. assistance to Moldova is designed to strengthen its territorial integrity and security, prevent the proliferation of weapons of mass destruction (WMD) and related expertise, combat transnational crime, build democracy, strengthen civil society, promote human rights, support market-based economic reform, and avert humanitarian crises.

The initial rhetoric and actions of Moldova's Communist government, elected in 2001, had drawn into question Moldova's previously strong commitment to reform. However, Moldovan President Voronin's declaration in 2004 of his intention to lead Moldova towards integration into the European Union (EU), and the Moldovan Government's subsequent adoption of a strategic document outlining the steps forward, appeared to signal that political and economic reform would be back on track in Moldova. In this regard, 2005 was an important year for Moldova and for U.S. interests in the region.

Moldova has further demonstrated its intention to integrate its economy by taking the following actions. The first action of the new Parliament was to pass a resolution calling for an all-party partnership to advance the goal of European integration. Moldova signed an Action Plan with the European Union and began the process of developing an Individual Partnership Action Plan with NATO. Moldova was also selected by the Millennium Challenge Corporation (MCC) for Threshold status and has rapidly engaged in developing an MCC Millennium Challenge Account (MCA) Threshold program plan. The Government of Moldova has begun to take steps necessary to renew International Monetary Fund (IMF) and World Bank programs. Even with these promising signals, Moldova still needs to take bolder steps to promote democracy, rule of law and human rights and to improve the investment climate.

Moldova, the poorest country in Europe, is partly constrained from developing its economy because many of its industrial assets are under the control of the authorities of the breakaway region of Transnistria. The Transnistria problem remains a great obstacle to regional security, and the U.S. has a national interest in seeing this conflict resolved in a way that protects Moldova's territorial integrity and helps ensure stability in the arc of Europe from the Balkans to Russia. The lack of responsible border controls along the Transnistria-Ukraine border also threatens U.S. interests and those of the broader region by providing opportunities for weapons proliferation, smuggling, transnational crime, and human trafficking. The United States has a national interest not only in promoting a resolution to the Transnistria stalemate but also in strengthening democracy and a free-market economy in Moldova.

In FY 2007, FREEDOM Support Act (FSA)-funded programs will promote democratic reform efforts at the policy and local levels. They will continue to foster accountability by local officials while empowering citizens and community groups through integrated micro-lending and training programs to help bolster employment and produce tangible improvements in living conditions. FSA funds will also continue to foster open access to information and support development of the non-governmental sector. Such



assistance will strengthen civil society, local democracy, grassroots political/democratic activism, and independent media in all parts of Moldova. U.S. assistance programs and diplomatic engagement contributed to Moldova's parliamentary elections being judged generally free and fair. FY 2007 FSA-funded assistance will seek to complement MCA Threshold program activities.

FSA-funded assistance will also continue to contribute to the growth and profitability of small and medium-sized enterprises by facilitating their access to market-based business skills, information and finance and by supporting technological advancements focused on the agricultural sector and selling to export markets. FSA funds will help promote foreign direct investment by leveraging private investment with public funds through the U.S. Government-funded Western New Independent States (NIS) Enterprise Fund. FSA funding will also promote Moldova's integration into the regional political and economic structures of Southeastern Europe and Moldova's participation in the Georgia-Ukraine-Azerbaijan-Moldova (GUAM) Group.

Organized crime and corruption threaten Moldova's prospects for economic progress and erode the rule of law, thereby threatening U.S. national security interest in the stabilization and reform of the East European region, the Caucasus, and neighboring countries. Moldova is an active partner in both the Southeast European Cooperative Initiative (SECI) and GUAM regional law enforcement programs. However, the capabilities of Moldova's justice sector to investigate and prosecute organized criminal activity and corruption remain weak. FSA-funded programs will help build the capacity of the Moldovan Government to fight corruption.

In addition, Moldova is a primary source and transit country for trafficking in persons. FY 2007 FSA-funded programs will provide training, technical assistance, and equipment to enhance the capacity of Moldova's justice sector to investigate and prosecute organized crime, corruption and trafficking in persons. FY 2007 FSA funding will also support the implementation of the criminal code enacted in 2002. FY 2007 FSA assistance will continue to fund a project to address the economic roots of trafficking by improving access to employment for women and girls in Moldova. In addition, this effort will provide victim support services and raise awareness among Moldovan citizens, the media, government, and law enforcement officials of the problem of trafficking in persons.

The U.S. will continue to provide targeted, FSA-funded humanitarian assistance to Moldova, including pharmaceuticals, medical supplies, vaccine supplies, food and clothing for those most in need. In addition, the U.S. will provide continued FSA-funded assistance to support health care reform, including health partnerships and activities to combat tuberculosis and promote women's reproductive health.

In FY 2007, the U.S. plans to continue a range of security-related programs to improve Moldova's military capabilities and promote U.S. nonproliferation goals. FY 2007 funding under the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account will support activities to prevent the proliferation of WMD, conventional arms and related materials and technologies in Moldova. The NADR-funded Export Control and Related Border Security Assistance (EXBS) program is designed to facilitate the development of an effective national export control and border security system to prevent weapons proliferation. The EXBS Program will further assist Moldova in strengthening its export licensing procedures and will provide equipment for Moldovan export control licensing and enforcement officers. A significant portion of this assistance will be used along the Transnistria/Ukrainian border, with a focus on the potential transit of munitions, radiological devices, and contraband. The U.S. Embassy in Chisinau, in coordination with the Moldovan Department of Civil Defense will also help Moldova create and sustain a first-responder unit for WMD incidents.

Despite its budgetary limitations, Moldova is active in the Partnership for Peace (PfP) program and is committed to reforming its military along Western lines. Foreign Military Financing (FMF) will continue

to support efforts to deploy Moldova's peacekeeping battalion, which will help form the core of the country's reforming military. FY 2007 FMF will provide the peacekeeping battalion with communications equipment, command and control equipment, and field equipment, vehicles, and spare parts. FMF will also continue to assist Moldova in developing special forces capability and will support the placement of defense reform consultants. Moldova has engaged in an extensive Defense and Military Contacts program with the United States, expanded its participation in PfP exercises, and made effective use of International Military Education and Training (IMET) funds. In FY 2007, IMET-funded activities will focus on training peacekeepers in English language, thereby promoting interoperability. In addition, IMET will provide professional military education training and special forces training.

Moldova's accession to the Science and Technology Center in Ukraine (STCU) Agreement was finalized early in FY 2005. The STCU is an intergovernmental organization through which the United States, EU, and Canada help former WMD scientists transition to sustainable, non-military employment. FSA funding provided through the Civilian Research and Development Foundation (CRDF) also engages former Moldovan weapons scientists in peaceful civilian research. The scope of the challenge of redirecting Moldova's WMD expertise may require increased funding in FY 2007.

In FY 2007, Moldova will be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Provision of grant EDA will assist Moldova in meeting its defense requirements, furthering its NATO interoperability, and supporting coalition assistance.

**Poland**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	76,470	29,700	30,000
IMET	2,282	1,980	2,075
NADR-ATA	-	83	-

Poland is a key ally and partner in U.S. efforts to enhance security and promote economic prosperity in Europe. The United States has a strong interest in helping Poland improve its military capabilities and interoperability with NATO. Poland is a net contributor to the NATO collective defense effort and serves as a model and mentor for prospective NATO members. By sharing its experiences in successfully transitioning to a free-market democracy with neighboring countries, Poland also contributes significantly to the enhancement of political and economic stability in Eastern and Central Europe. Poland continues to be a strong advocate and supporter of Ukraine's integration into Euro-Atlantic security, political, and economic institutions.

Poland is a graduate of Support for East European Democracy (SEED) assistance, demonstrating that it can sustain its transition to a free-market economy and democratic institutions without significant economic assistance from the United States.

Poland contributes significantly to United Nations, NATO, and EU peacekeeping missions, as well as Operation Enduring Freedom (OEF). Poland has taken a strong leadership role in Iraq, commanding a multinational division and committing substantial forces to Operation Iraqi Freedom (OIF). The Polish Government recognizes the need for further defense transformation and continues to increase defense spending in real terms. Poland coordinates its military modernization and restructuring closely with NATO to ensure that its efforts mesh with Alliance goals. The Poles have embarked upon a serious multi-year military modernization, focusing limited resources on making at least 40% of their total armed forces fully NATO compatible by 2010, and 30% of the total fully deployable. To these ends, the Polish Ministry of Defense is allocating one fifth of its budget toward material acquisition and infrastructure upgrades.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are an important way for the United States to show support for these efforts and directly contribute to their success. FMF is particularly important, as it focuses on increasing Poland's support capability to deploy or receive forces, participate in coalition efforts, and accomplish a comprehensive plan for military modernization and reform.

FY 2007 FMF will focus on professionalism, modernization, and NATO-interoperability of Poland's military forces. FMF support is expected to include vehicles, maintenance for previously provided aircraft and helicopters, and communications equipment.

In FY 2007, IMET will assist in the professionalization of the Polish military through professional military education, SOF training, various technical courses, training in acquisition and resource management, and non-commissioned officer corps development.

In FY 2007, Poland will once again be eligible to receive EDA grants under section 516 of the Foreign Assistance Act. EDA transfers will assist Poland in meeting defense requirements and reform initiatives, further its NATO interoperability, and support coalition assistance.

Given Poland's significant progress in establishing an effective export control system, no Export Control and Related Border Security (EXBS) assistance funding is being requested specifically for Poland in FY 2007 under the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account. However, Polish participation in regional export control events will still be funded with regional NADR-EXBS funds on an ad hoc basis.

**Portugal**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	850	594	690

Portugal's continued participation in both NATO and other international peacekeeping operations directly benefits U.S. security goals. The United States also seeks to maintain Portugal's strong cooperation at Portugal's Lajes Air Base in the Azores and support within the European Union (EU) for U.S. positions on such issues as European Security Defense Program (ESDP)-NATO compatibility.

Portugal is a founding member of NATO and a member of the EU. Portugal continues to maintain strong transatlantic ties and pursue close military cooperation with the United States. The 1995 Agreement on Cooperation and Defense provides U.S. forces continued access to Lajes Air Base, which served to support Operations Iraqi Freedom and Enduring Freedom as well as NATO's military operations in Kosovo. Lajes Air Base is currently supporting ongoing U.S. operations in Afghanistan and Iraq. Portugal also contributes troops to NATO's Kosovo Force (KFOR), to the International Security Assistance Force (ISAF) in Afghanistan, and works closely with the United States on United Nations security issues. Portugal also contributes to the NATO Training Mission in Iraq and provides a token contribution to Multi-National Force-Iraq.

International Military Education and Training (IMET) continues to be an essential component of Portugal's military force modernization program, its internal reorganization of service and joint headquarters staffing, as well as the overall professional military education of the elite of Portugal's Armed Forces. FY 2007 IMET funding will continue to be a significant asset in this modernization effort by providing the Portuguese military with professional military education, English language training, and various technical courses. This will strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts. U.S. assistance is also directed towards enhancing Portugal's Atlanticist orientation by building ties with future military leaders and reinforcing Portugal's existing preference for U.S.-manufactured defense equipment.

In FY 2007, Portugal will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will be used to support Portugal's force readiness efforts and coalition assistance.

**Romania**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	2,000	-	-
FMF	13,412	12,870	15,000
IMET	1,575	1,485	1,580
NADR-ATA	-	75	-
NADR-EXBS	750	-	-
Peace Corps	2,887	2,959	2,950
SEED	28,500	19,800	-

Romania is at the heart of Europe's transition and America's policy goals in Europe and Eurasia. Bilateral relations are stronger than ever: U.S. and Romanian soldiers are fighting side by side in Iraq and Afghanistan; we are working together to promote stability in the Balkans and Black Sea regions; and the United States and Romania have signed an agreement giving U.S. forces access to certain Romanian military facilities. In the past year, Romania also has worked closely with the United States at the United Nations and in the Community of Democracies initiative, and demonstrated international leadership in providing a temporary home for over 400 Uzbek refugees.

Romania's and Bulgaria's achievements in democratic and economic reform at the point when they were selected as candidates for NATO membership (2002) have become the benchmark standard for the remaining SEED countries. Because of these accomplishments and in view of Romania's anticipated accession to the EU in either 2007 or 2008, Romania is graduating from Support for East European Democracy (SEED) assistance in FY 2006. Completion of SEED-funded programs will continue through 2008.

The Bucharest-based Southeastern Europe Cooperative Initiative (SECI) Anti-Crime Center, which coordinates regional criminal task forces working to combat trafficking in persons (TIP), smuggling, and the drug trade, will continue to receive SEED funding in FY 2007 through the SEED regional budget. With financial and other support from the Romanian Government, the SECI Anti-Crime Center has achieved a number of successes in the fight against transborder crime.

With the largest armed forces among the countries that joined NATO in 2004, Romania is militarily significant in the region. It has been a stalwart ally in providing troops to support U.S. and NATO objectives in Southeast Europe, Afghanistan, and Iraq. Through Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs, the United States is providing the Romanian military with needed defense articles, services, and training. FY 2007 FMF funding will support training, base modernization, digital mapping, tactical communications, secure data management, navigational aids, equipment for special forces, the purchase of C-130s, and training for peacekeeping operations, resource management, as well as non-commissioned officer (NCO) and officer professional development.

The Romanian Government seeks the inclusion of as many officers as possible in U.S. military training. In FY 2007, the IMET program will support professional military education, special operations training as combat divers and rangers, English language training, and mobile training team development.

In FY 2007, Romania will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of materiel to Romania under grant EDA will help it meet its defense requirements, institute defense reforms, and further implement NATO interoperability.

Romania and the United States have cooperated closely on improving Romania's export controls. FY 2007 Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security (EXBS) regional funding will be provided to Romania on an ad hoc basis, with an emphasis on improving licensing, enforcement, and industry outreach capabilities, coordinated through regional EXBS nonproliferation advisors.

**Russia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	6,450	2,970	2,970
FSA	85,000	79,200	58,000
IMET	788	743	790
NADR-EXBS	2,620	700	1,600
NADR-SALW	-	-	500
P.L. 480 Title II	1,498	2,095	-

The United States has an interest in helping Russia transition into a stable, democratic, market economy. For all our near-term concerns -- from rising corruption, to over-centralization of power, to Russian assertiveness in its own neighborhood -- the United States retains a deep stake in reinforcing positive medium-term trends, particularly the gradual emergence of a middle class, Russia's integration into global economic institutions, and its cooperation against terrorism and the spread of weapons of mass destruction. How it copes with its own demographic crisis, with declining life expectancies and a growing threat from infectious diseases like HIV/AIDS, avian influenza and TB, will have implications for U.S. interests.

U.S. assistance to Russia helps combat weapons proliferation and transnational organized crime; supports market-based economic reform; strengthens civil society, promotes participatory democracy; and helps prevent the spread of infectious diseases and alleviates their effects. FREEDOM Support Act (FSA) programs promote Russia's transformation into a stable democratic country with a market-based economy, fully integrated into the mainstream of world political and economic relations.

The United States has a national security interest in working with Russia to reduce the threats posed by international terrorism and by weapons of mass destruction. Since the September 11, 2001 attacks against the United States, Russia has been a strong supporter in the war on terrorism, offering key political support, granting the U.S. overflight rights, and sharing intelligence.

In recognition of the substantial progress of Russia's economy, FSA funding for economic reform has decreased in recent years, and that trend will continue in FY 2007. Only modest economic reform assistance in specific geographic areas is planned for FY 2007. FSA economic reform assistance in FY 2007 will emphasize support to Russian organizations and institutions in the Russian Far East and in cities where our non-proliferation programs are active to ensure that the gains made through FSA-funded programs are integrated into Russian society and governmental structures well beyond the phase-out of U.S. assistance. It will also help re-start economic development in the conflict-ridden North Caucasus.

Events in 2005 further called into question the commitment of Russia's leadership to building genuine democratic institutions. These developments included the increasing control exercised by the Russian Government over the media, especially national television, pressure on civil society organizations and private philanthropists, human rights abuses and political pressure in Chechnya, criminal prosecutions possibly based on political motivations, and the passage by the Duma of legislation increasing state control and oversight on non-governmental organizations.

In FY 2007, FSA-funded programs will focus on assisting efforts to ensure that upcoming Duma and Presidential elections meet international standards. Programs will also strengthen civil society, independent media, and democratic institutions as a necessary check on the power of the central government. This will include improving the effectiveness of human rights groups and the legal profession, expanding political



participation by youth, and advancing the national capacity of civil society networks to advocate effectively for their agendas. FSA-funded programs will continue to support the partnerships already in place with civil society groups and reform-minded Russian officials in the Russian Far East under the aegis of the U.S. Government's Regional Initiative (RI). The RI will emphasize dissemination of best practices and lessons learned.

Russia faces major demographic and public health challenges. These problems are hurting the country's prospects for stability, prosperity, and sustained economic growth; therefore they represent a U.S. national security concern. Russia has one of the fastest-rising rates of increase in HIV infection in the world. FY 2007 FSA- and Child Survival and Health Programs (CSH)-funded programs will focus on prevention and treatment of HIV/AIDS in Russia and support partnerships between U.S. and Russian medical professionals to combat HIV/AIDS around the world. U.S. programs to combat the spread of HIV/AIDS will help prevent mother-to-child transmission of HIV/AIDS in particular, and will also help combat the spread of multi-drug-resistant strains of tuberculosis.

Russian and Russian-speaking organized crime groups operate alone and in concert with other transnational crime groups across Russia, Eurasia, Europe, the United States and elsewhere. Russian authorities recognize the threat to their society and economy presented by such organized crime, and they have turned to the U.S. and other Western partners for assistance in addressing that threat. Russian officials are also increasingly aware of the specific challenges posed by narcotics trafficking out of Afghanistan, which crosses both Central Asia and Russia. This trafficking contributes to growing drug addiction and HIV/AIDS infection rates in Russia and provides a means of financing terrorist activities. Russia has recently signed a Memorandum of Understanding with the U.S. Drug Enforcement Administration to enhance counter-narcotics cooperation. In FY 2007, FSA-funded programs will continue to address criminal procedure reforms, criminal violation of intellectual property rights, corruption, cyber-crime, trafficking in persons, money laundering and terrorist financing, narcotics smuggling and other transnational criminal activities, and implementation of the U.S.-Russia Mutual Legal Assistance Treaty.

The United States provides assistance through programs of the Departments of State, Defense and Energy to prevent the proliferation of WMD, related materials, technologies and expertise. Key emphases of the International Science and Technology Center (ISTC) in Moscow include shared research priorities (notably infectious human and animal diseases like HIV/AIDS) and business training to help institutes better serve governmental and private consumers.

The State Department will also continue its targeted effort to engage former Soviet biological and chemical weapons scientists through the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) NADR-funded Bio-Chem Redirect Program, which supports the involvement of the Department of Health and Human Services, Department of Agriculture, and the Environmental Protection Agency in redirection efforts. In addition, the State Department will continue its Bio-Industry Initiative, which was established in FY 2002 with a unique mandate to reconfigure Soviet-era biological weapons production facilities for civilian use, and support accelerated drug and vaccine development to combat bioterrorism. The U.S. Civilian Research and Development Foundation (CRDF) will continue to leverage FSA-funded grant assistance with Russian Government and international non-governmental matching funds.

The Export Control and Related Border Security Assistance (EXBS) program funded under the NADR account is designed to facilitate an effective national export control and border security system to prevent the proliferation of WMD, their missile delivery systems, related items and other weapons. In FY 2007, the United States through NADR funding will continue to provide assistance to enhance Russian controls on transfers of sensitive materials and technologies for industry/government outreach programs to educate Russian companies about the requirements of Russian export control laws. An EXBS Program advisor and assistant advisor will help facilitate security assistance to Russia. EXBS activities will continue to sponsor

joint regional training programs on border searches, WMD procedures as related to curbing proliferation, counter-proliferation awareness courses, targeting and risk management implementation, and international border interdiction training for border security officials.

The size and scope of potential destruction projects in Russia is likely to be enormous. The Russian Federation holds a large portion of the former Soviet stockpiles, much of which is obsolete and far in excess of current military needs. The Russian Federation has made a request to the OSCE for assistance with the destruction of surplus munitions at the Kaliningrad site. This project cost is estimated at several million dollars and will be implemented multilaterally over several years with NADR Small Arms/Light Weapons funding. In addition, under the rubric of the U.S.-Russia MANPADS Arrangement, we anticipate Russia will request bilateral assistance to destroy surplus MANPADS. We estimate their current stocks to be in the thousands. This also will likely happen over several years.

Even though International Military Education and Training (IMET) will be the only form of U.S. military assistance provided to Russia in FY 2007, Russia remains a priority country for the United States in the area of military cooperation. IMET-funded English language training and professional military education directly supports U.S. interests and the President's goals as outlined in the Camp David Checklist and in the Defense Department's Security Cooperation Guidance.

FY 2007 IMET funds will be used to provide English language training to Russian military officers and to enable them to attend professional military education courses at the staff and war colleges. In addition, IMET funds would support Enhanced IMET (E-IMET) courses and mobile training teams for seminars on civilian control of the military, military justice, civil-military relations, and crisis management. Additionally, IMET funds would also support the development of an HIV-AIDS reference lab and training center to address the large HIV-AIDS problem in the Russian military. In FY 2007, Russia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Transfers of grant EDA will assist Russia in meeting its defense requirements, enacting defense reforms and furthering interoperability.

## Serbia and Montenegro

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
NADR-EXBS	880	1,460	900
NADR-SALW	408	800	2,000
SEED	93,600	84,150	70,500

The United States continues to have a compelling national interest in securing the sustainable political and economic stability of Serbia and Montenegro (SaM). The country is critical to resolving the main unresolved legacies of the breakup of Yugoslavia: Kosovo, Montenegro, war crimes prosecution and shattered economies. SaM's size, location, ethnic composition, and economic potential make it a linchpin for durable stability in the region. Success in ensuring SaM's full integration in to Euro-Atlantic institutions is essential and requires the establishment of a more secure, democratic governing framework in which political, social and economic rights are respected and conflict is channeled and resolved through legal structures. Further political reforms are needed to support economic development and rule of law.

USG assistance to SaM is aimed at ensuring integration into Euro-Atlantic institutions through consolidating democratic reform, developing the economy, and enhancing local capacities to combat terrorism, trafficking, organized crime, and corruption. USG aid to SaM is enhanced by close cooperation and coordination with the international donor community, including with the significant OSCE presence in SaM, also funded in part by the USG.

The FY 2007 Support for East European Democracy (SEED) assistance focuses on economic development and democratic reform, delivered hand-in-hand with an energetic public diplomacy program that directly identifies the benefits of these reforms to the Serb and Montenegrin people. Democratic political institutions in SaM remain immature and differences between Serbia and Montenegro over the future of their state union remain unresolved; however, further consolidation of democratic reforms will be impossible to achieve without sustained economic development. SEED programs will target economic growth and job creation, promote democracy, strengthen rule of law, and improve public attitudes toward the U.S. and its policies.

Macroeconomic and financial policy activity will further fiscal reform and financial crimes enforcement to combat money laundering and terrorist financing as well as policy reform. SEED programs will continue to help Serbia and Montenegro on their two (newly separated) tracks to WTO membership.

SEED assistance will help strengthen the judiciary and civil society's ability to effectively advocate for democratic reforms; improve governance at all levels; work with pro-reform political parties; develop more professional and sustainable media; and foster greater tolerance and civic participation. SEED assistance will continue to support pro-reform municipalities, small businesses, and local citizens through an enhanced community development program and other assistance initiatives that have already had a positive, visible impact. Other donors are now implementing similar programs of their own. SEED funds will assist in expanding Embassy Belgrade's outreach activities to include continuing an ambitious high school exchange program.

Programs specifically targeting southern Serbia and the Presovo Valley will help to stabilize the administrative boundary line with Kosovo. SEED programs and the contacts developed in the course of those programs aided in avoiding spillover into southern Serbia of inter-ethnic violence in Kosovo in March

2004 and will be important to reinforcing stability following the Kosovo status process. SaM's cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) and arrest of persons indicted for war criminals continue to be top U.S. priorities. USG-funded rule of law and anti-crime efforts also target criminal justice reform, corruption and trafficking in persons.

In an effort to build on the SaM Government's recent cooperation with the investigation into past and present SaM weapons exports to states of concern and passage of a new export control law consistent with international standards, the United States is expanding its export control and enforcement activities with SaM. Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)-funded Export Control and Related Border Security Assistance (EXBS) will support an accelerated program to further develop SaM's export control system. FY 2007 funding will emphasize industry outreach seminars to encourage compliance with the export control law and provision of licensing technical assistance. With respect to enforcement, EXBS will provide specialized cargo interdiction training and advanced investigative techniques training for Customs Service officers and investigative agents.

NADR-EXBS funds will also provide radiation detection equipment and training as well as maritime interdiction training in Montenegro. The EXBS program is part of the U.S. effort to prevent the proliferation of WMD, their delivery systems, related technologies, and other weapons. FY 2007 NADR funding will also continue threat reduction activities that are effectively eliminating excess SA/LW (including MANPADS) while improving the physical security of national stockpiles. Matching regional funds from the NADR International Trust Fund (ITF) are channeled through Slovenia's International Trust Fund for Demining and Mine Victims Assistance to provide support for humanitarian demining in SaM.

In FY 2007, International Military Education and Training (IMET) funds will be used to support professional military education and exchanges, as well as English language training. In FY 2007, Serbia will be eligible for Excess Defense Articles (EDA).

**Slovakia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	4,959	3,960	4,000
IMET	994	941	985
NADR-EXBS	575	230	100

Even before Slovakia acceded to NATO in March 2004 and to the European Union (EU) in May 2004, it was a loyal partner and ally of NATO and the United States. Slovakia contributed units to the Kosovo Force (KFOR), the Stabilization Force in Bosnia and Herzegovina (SFOR), Operation Enduring Freedom (OEF), and Operation Iraqi Freedom (OIF). Since NATO and EU accession, Slovakia has remained a committed partner of the United States and a valuable ally with a voice on the EU Council.

The Slovaks have embarked upon a serious multi-year military modernization plan, which was broadly influenced by recommendations from a U.S.-funded defense study. FY 2007 Foreign Military Financing (FMF) and International Military Education and Training (IMET) will assist Slovakia in its effort to create a modern, capable force that can ensure national defense, contribute to NATO operations, and enhance regional stability. Slovakia's importance to NATO has been proven in operations from Kosovo to Iraq. The Slovak Government has immediately granted crucial overflight and transit rights in addition to contributing valuable ground forces. Slovakia deployed 100 troops to KFOR and two transport helicopters to SFOR. The contribution of military engineering units to OIF and OEF further demonstrates the Slovak Government's commitment to support both NATO goals and U.S. efforts in the Global War on Terrorism (GWOT). While neighboring countries have withdrawn or scaled back their contributions, the Slovak government has been outspoken about its obligation to defend democracy and combat extremism in alliance with the United States, even in the face of uneven domestic support.

The United States has a strong interest in helping Slovakia improve its military capabilities and NATO interoperability, and to encourage Slovakia's initiatives to share its successes in democracy building and development of civil society with other countries in transition. In recognition of its continued progress in transition, Slovakia graduated from the Support for East European Democracy (SEED) assistance program in FY 2004. Since accession to NATO, Slovakia has likewise ceased to be eligible for Partnership for Peace (PfP) funding.

In the absence of SEED and PfP funds, FMF and IMET programs have become the most crucial mechanisms for the United States to support the successful modernization and reform of Slovakia's armed forces. The FY 2007 FMF and IMET requests will fund a variety of programs focusing on defense reform and development of Slovakia's niche capabilities, thereby helping the Slovaks to meet their goal of force modernization, ensuring their NATO interoperability, and enabling continued Slovak assistance in the GWOT. IMET assistance will focus on officer and non-commissioned officer (NCO) training, the reorganization of the officer corps along Western lines through professional military education courses, English language training, technical training, and the development of mobile training teams to train large numbers of military and defense personnel.

In FY 2007, Slovakia will once again be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Slovakia in meeting its defense requirements and transformation efforts, supporting NATO interoperability and coalition efforts.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and other weapons, the United States is providing Nonproliferation, Anti-terrorism, Demining and Related

Projects (NADR)-funded Export Control and Related Border Security Assistance (EXBS) to help Slovakia strengthen its export control system. This is particularly important as Slovakia is part of the EU's eastern Schengen border with Ukraine. FY 2007 NADR-EXBS funds will support the provision of enforcement equipment, including secondary radiation detection devices to complement the planned upgrade of radiation portal monitors at key border crossing points. In response to the Government of Slovakia's progress in establishing an increasingly robust export control system, training will focus on advanced investigation techniques, industry compliance, as well as training for prosecuting strategic export control violations.

**Slovenia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	1,486	495	500
IMET	950	891	885
NADR-EXBS	250	50	-

Slovenia became a member of the European Union and NATO in 2004. Serving as a bridge between East and West, Slovenia plays a central role in exporting peace and stability to southeast Europe. As a peaceful, middle-income democracy, Slovenia is a stabilizing factor in a crisis-ridden area, especially given its cultural, historical, social, and political ties with the states that constituted the former Yugoslavia. Slovenia provides 99 troops to the EU-led Operation Althea in Bosnia and contributes 92 troops to the Kosovo Force (KFOR). Slovenia is a leading investor in the Balkans and plays an important role in regional demining efforts through the International Trust Fund for Demining and Mine Victims Assistance. Slovenia has also promoted security in Central Asia and the Middle East by providing 60 troops (currently on second deployment) to the International Security Assistance Force (ISAF) in Afghanistan and reconstruction assistance to Iraq, including police trainers and psycho-social assistance to children affected by the conflict.

Slovenia models its armed forces on those of the United States and other NATO Allies. Although Slovenia's sound economic situation has enabled it to fund a large portion of its defense reform needs, U.S. assistance continues to play a critical role, helping Slovenia to modernize and reform its military and to assist it in implementing its NATO Force goals. FY 2007 Foreign Military Financing (FMF) will fund the development of a command, control, communications, computers, and intelligence program and in-country English language training.

In FY 2007, Slovenia will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfer of grant EDA to Slovenia will assist Slovenia in meeting its defense requirements, furthering its NATO interoperability, and supporting coalition efforts.

FY 2007 International Military Education and Training (IMET) funds will help Slovenia to continue its integration into NATO structures and to serve as a long-term guarantor of peace and stability through expanded English-language training as well as training in rule of law, civil-military control and human rights. IMET courses have strengthened the professionalism and leadership skills of Slovenia's military and civilian personnel, and have helped improve the technical and managerial skills of the Ministry of Defense. FY 2007 IMET will target officer, non-commissioned officer (NCO), and Ministry of Defense civilian development; English language training; and technical training to their deployable combat forces and support elements.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States has provided substantial Nonproliferation, Anti-Terrorism, Demining, and Related Activities (NADR)-funded Export Control and Related Border Security (EXBS) assistance in the form of a cooperative program to strengthen Slovenia's export control system. Since Slovenia has made significant progress in establishing an effective export control system, no NADR-EXBS funding is being requested specifically for Slovenia in FY 2007; however, regional NADR-EXBS funds will continue to fund Slovenian participation in regional export control events, and an EXBS Advisor stationed regionally will continue to work with Slovenian officials on an ad hoc basis.

Humanitarian mine action assistance to Albania, Bosnia-Herzegovina, Croatia, Macedonia, Serbia and Montenegro, and Kosovo is provided by Slovenia's International Trust Fund (ITF) for Demining and mine victims assistance through matching NADR ITF funds, channeled through the ITF.



**Turkey**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	33,728	14,850	15,000
IMET	3,716	2,970	2,960
NADR-ATA	618	870	791
NADR-CTF	-	-	100
NADR-EXBS	600	350	550

Turkey is a front-line state, a key ally in the war on terrorism, and a victim of both domestic and international terrorism. Its success as a democratic, open-economy Muslim state rooted in the West is important to U.S. efforts at political and economic reform in the Middle East and Eurasia. Turkey is an important contributor to the reconstruction of Afghanistan through ISAF and Operation Enduring Freedom (OEF) as well as via bilateral assistance. Turkey is an important trading partner of the new Iraq and serves as a critical fuel and supply artery for U.S. troops in Iraq via the Habur Gate crossing and the OIF/OEF cargo hub at Incirlik Air Base. Turkey's nonproliferation efforts include hosting the first-ever combined air, land, and sea Proliferation Security Initiative exercise in May 2006.

The Foreign Military Financing (FMF) Program is essential to helping the Turkish military successfully transform over the next two years as its defense budget becomes increasingly transparent to conform to 2004 legislation passed to meet EU standards. Greater transparency is likely to result in defense cuts as the legislature gets a clearer view of the total defense budget. Additionally, Turkey is intent on building an indigenous defense industry with help from foreign companies. By turning almost exclusively to direct commercial sales, the country can negotiate technology transfers and include offset requirements to build that industry. The same requirements are making it difficult for U.S. firms to compete. FMF provides a way to keep U.S. defense parts and equipment in the mix to ensure continued U.S. and NATO interoperability and, hopefully, to maintain an inventory of U.S. defense equipment as a key component of Turkey's military modernization program.

Overall, it is imperative that we maintain strong U.S.-Turkish relations due to Turkey's strategic location as the bridge between Europe and the Middle East, and between the West and the increasingly strategic Caspian Sea region. FY 2007 FMF will include funding for the acquisition of F-16 spare parts and modernization; five- and ten-ton trucks; tactical radios; and the modernization of Perry-Class frigates.

In FY 2007, Turkey will once again be eligible to receive grants of Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Turkey in meeting its defense requirements, furthering its NATO interoperability, and supporting coalition efforts.

The International Military Education and Training (IMET) Program for Turkey continues to produce well-trained, U.S.-oriented Turkish military personnel who are increasingly in demand to meet the challenges of regional instability, growing NATO demands, and international terrorism. IMET is the most effective mechanism to provide Turkish service members with the professional skills, including English language abilities and outlook that will solidify Turkey's increasing value to the United States as a trusted ally. FY 2007 IMET will provide professional military education, flight training, English language training, logistics and financial management training, and technical training for major equipment purchases.

As part of our continued efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States is providing Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) and Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program to help establish a fully effective export control system in Turkey, which borders Iran, the former Soviet Union, and Syria. With FY 2007 NADR funding, the EXBS program will build upon previous years' activities by focusing primarily on continued weapons of mass destruction commodity identification training, training for licensing officers, government to industry outreach, enforcement, and the provision of inspection/detection equipment.

FY 2007 NADR Anti-Terrorism Assistance (ATA) funding for an In-Country program is critical for sustainment and institutionalization of the training and facilities upgrades that occurred in the developmental years. Protecting the investment of prior year NADR-ATA funding will assure that a thorough follow-up assessment of counter-terrorism capabilities will be conducted, afford the necessary targeted consultations that will address specific issues and gaps identified in prior years, guarantee that equipment and facilities are being properly used and that replacement parts are available, support the cooperative relationship with host government officials by signaling the USG's continuing commitment, provide refresher courses for trainers and instructors, and expand training opportunities for new, state-of-the-art counter-terrorism specializations.

FY 2007 NADR Counterterrorism Financing will provide training to counter bulk cash smuggling across international borders that support terrorist activities.

**Ukraine**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	4,663	2,176	2,176
FMF	2,976	10,890	10,000
FSA	78,600	83,160	85,000
FSA/NIS-SUP	60,000	-	-
IMET	1,855	1,683	1,725
NADR-ATA	-	433	-
NADR-EXBS	1,850	1,600	1,360
NADR-SALW	1,500	1,500	-
Peace Corps	4,816	5,079	5,132

The United States has a national security interest in Ukraine's successful transition to a stable, independent, democratic, market-oriented, and prosperous state with good relations with its neighbors and strong links to the West. Successful realization of the promise of the "Orange Revolution" will serve as a compelling democratic model in the post-Soviet space. With a population of approximately 50 million and a strategic location between Russia and Central Europe, Ukraine is important for building a secure, democratic, undivided Europe.

A strong supporter of Operation Enduring Freedom, Operation Iraqi Freedom, and the Global War on Terror, Ukraine has contributed more than 3,000 peacekeepers to missions in Iraq, the Balkans, the Middle East, and Africa. Ukrainian peacekeepers have been deployed in Kosovo since November 1999. Ukraine, until December 2005, provided one of the largest contingents of soldiers in the Polish-led division of troops of the coalition forces in Iraq. Although most the forces have been withdrawn, Ukraine will maintain a training mission in Iraq.

The FY 2007 request for FREEDOM Support Act (FSA) funding reflects a focus on helping consolidate democratic progress in Ukraine since the 2004 Orange Revolution and on facilitating necessary economic reforms prior to our planned phase-out of FSA-funded economic sector assistance in FY 2009.

In Ukraine, the United States continues to have an opportunity to help put in place a legacy of sustainable institutions that can promote democratic reform, human rights, and economic growth. Ukraine can also be a key partner of the United States in tackling major challenges, such as the proliferation of weapons of mass destruction (WMD) and the expansion of mutually beneficial trade and investment. The 2004 Orange Revolution changed the political landscape of Ukraine and opened the door for long-stalled reforms and the improvement of the relationship between the Ukrainian people and their government.

In FY 2007, U.S. assistance will work to strengthen the effectiveness and sustainability of the relatively young and still fragile institutions which played such a significant role in the Orange Revolution. Since the Orange Revolution, Ukraine has made strides in enacting reform legislation (especially macro-economic), and has made noteworthy improvements in the recognition of internationally recognized human rights. Today, unlike in the Kuchma era, political parties and the media representing a broad range of views operate freely and without government interference. In 2005, the Millennium Challenge Corporation (MCC) selected Ukraine for Millennium Challenge Account (MCA) Threshold status. FY 2007 FSA assistance will complement any anti-corruption and rule of law activities which Ukraine may develop in a Threshold program.

Ukraine's long-term political stability is closely linked to economic prosperity and especially to the rise of a broad entrepreneurial middle class. FY 2007 FSA funding will support technical assistance to the Ukrainian Government in the preparation of laws and regulations to establish a market-oriented commercial legal framework. FSA funding also will continue to support the Ukrainian Government's efforts to implement economic reforms necessary to build on the country's expected accession to the World Trade Organization (WTO). Much of FSA-funded economic reform assistance will be focused on private-sector development. This assistance will help private enterprises become more competitive and efficient through programs to improve credit availability and promote international accounting standards, corporate governance, and shareholder rights. Particular attention will be paid to the development of small and medium-sized enterprises (SMEs) – the most promising source of long-term sustained innovation and growth, and potentially important proponents of government transparency and accountability. A critical mass of privatized enterprises has been restructured, but the task remains to institutionalize structural reforms and privatization to permit sustainable economic growth in Ukraine's emerging vibrant private sector.

In addition, FSA funds will focus on the agriculture sector, continuing land privatization, promoting agricultural policy reform, and deepening technical assistance to commercial banks for mortgage and long-term lending. In the energy sector, FSA-funded assistance will continue to focus on the development of a competitive wholesale electricity market to improve the sector's performance and make it more compatible with the European network, Ukraine's natural market.

Ukraine continues to participate in regional law enforcement efforts. It is an observer to the Southeast European Cooperation Initiative (SECI) Center and has taken a strong leadership role in the Georgia-Ukraine-Azerbaijan-Moldova (GUAM) Group. Ukraine has also detailed two narcotics officers to Tashkent to assist in an Afghan heroin anti-trafficking project.

In FY 2007, the primary objectives of FSA-funded law enforcement assistance will include supporting the Ukrainian Government's goal of reducing corruption and promoting the rule of law, and bringing about improvements in Ukrainian law enforcement agencies' capabilities to combat money laundering, enforce intellectual property rights, combat corruption, and improve border security against transnational criminal activities such as narcotics smuggling and trafficking in persons (TIP). FY 2007 FSA funding will help the recently established Financial Intelligence Unit detect suspicious currency transactions in Ukraine. The provision of training and specialized forensic equipment will support the efforts of Ukrainian law enforcement agencies to detect and prosecute criminal violations of intellectual property rights. To further support efforts to combat TIP, training will be provided to prosecutors and judges. Funding will also support the transition of the paramilitary Ukrainian Border Guards to a civilian police force.

Ukraine's growing problems in the field of public health pose a potential threat to U.S. national security. Ukraine has one of the world's fastest rates of increase in HIV and tuberculosis infection. Both diseases are at the pre-epidemic outbreak levels seen earlier in African countries that were later devastated by these infectious diseases. FY 2007 FSA and Child Survival and Health Programs (CSH) funds will focus on prevention and treatment of HIV/AIDS, with some funds to support implementation of programs of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global ATM Fund). FSA-funded programs to arrest the spread of HIV/AIDS will also help prevent mother-to-child transmission of HIV/AIDS and will address the spread of multi-drug-resistant strains of tuberculosis.

In FY 2007, FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)-funded assistance activities will continue to help the Ukrainian government reduce the risks of proliferation of WMD, related materials, and technologies. Assistance will focus on enhanced border controls, mobile

response teams, and improved communications and cooperation with law enforcement in the area of border control. Internal compliance with export controls will also continue to be a high priority.

The Export Control and Related Border Security Assistance (EXBS) program, funded under the NADR account, is designed to facilitate the establishment of an effective national export control and border security system to prevent the proliferation of WMD, their missile delivery systems, related items and other weapons. In FY 2007, the EXBS Program will further assist Ukraine to develop laws, regulations, and licensing procedures and practices, and internal control procedures for industry. It will also continue to provide assistance to enhance border controls with training, equipment, and advisory assistance through resident EXBS advisors. This assistance directly complements the U.S. Government's overarching policy to help Ukraine combat corruption and organized crime.

The U.S. continues to engage Ukrainian former weapons scientists by funding grant proposals through the intergovernmental Science and Technology Center in Ukraine (STCU) and the U.S. Civilian Research and Development Foundation (CRDF). The goal of these programs is to fully integrate Ukrainian scientific institutes into global scientific and business communities, and thereby enable them to move toward self-sustainability. Related FSA funding in FY 2007 will therefore focus on projects with commercial potential or the potential to generate further research grants. In addition, there will be an emphasis on partnership projects between private companies and Ukrainian institutes.

Ensuring safe and reliable provision of nuclear energy and working toward completion of the Chernobyl nuclear plant closure and confinement remain high priorities. The Department of Energy will continue programs to safeguard nuclear facilities (including nuclear power plants), material, and transportation as well as increase Ukraine's energy independence by fostering diversification of its nuclear fuel supply to include the ability to purchase U.S.-produced nuclear fuel. The United States played an important role in helping to fund the closure of the Chernobyl nuclear power plant in December 2000. In FY 2007, a higher proportion of FSA funds will go to the multi-year, multi-national project of building a sarcophagus around Chernobyl. Funding for Chernobyl confinement is particularly critical at this stage as work commences on the new shelter itself, the largest, most complex, and most expensive element of the project.

FY 2007 Foreign Military Financing (FMF) will continue to support defense reform and enhance Ukraine's niche capabilities, enabling Ukrainian forces to operate more effectively alongside U.S., NATO and Coalition forces. Funding will focus on a modeling and simulation network, communications equipment for a joint rapid reaction force, and air force and navy interoperability upgrades. International Military Education and Training (IMET) will be aimed at the broader issues of defense reform in Ukraine's armed forces, such as assisting in defense planning, professionalization, and educational/training transformation. The IMET Program will also focus on helping Ukraine to train and equip the fully NATO-interoperable Joint Rapid Reaction Forces, capable of deploying and participating in operations conducted by international coalitions.

In FY 2007, Ukraine will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA). Transfer of EDA will help Ukraine meet its defense requirements and reform initiatives, further its interoperability with NATO, and support coalition efforts.

Segments of the Ukrainian population, including the victims of Chernobyl, are in need of humanitarian assistance. Humanitarian commodities are provided through U.S. private voluntary organizations (PVOs), private donations, or through the U.S. Defense Department's Excess Property Program. FSA-funded humanitarian assistance to Ukraine will continue in FY 2007, targeting the most vulnerable members of society through programs implemented by U.S. PVOs.

## OSCE Regional - Europe and Eurasia

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	-	1,000
FSA	12,901	11,880	12,000
PKO	1,400	-	-
SEED	5,379	24,453	28,500

U.S. contributions to the Organization for Security and Cooperation in Europe (OSCE) support the U.S. goals of promoting democracy and human rights, resolving regional conflicts, containing and reducing instability in the Balkans and the former Soviet Union, assisting with post-conflict rehabilitation, combating transnational threats to stability, and implementing measures against terrorism. The OSCE works on long-term democratization and good governance that helps prevent conflicts and unrest that can be exploited by terrorist groups. The OSCE's core objectives include building civil society, working on good governance, human rights, education and economic development, early warning, conflict prevention, crisis management, and post-conflict rehabilitation, and have an integrated approach to the economic, human, and political aspects of security and stability. The OSCE also provides a rapid crisis-response capability of civilian experts through the Rapid Expert and Assistance Cooperation Team (REACT) program.

Since FY 2005, the FREEDOM Support Act (FSA) account funds staffing costs and U.S. contributions toward the cost of maintaining OSCE field missions in the countries of Eurasia. Similarly, starting in FY 2005 and continuing through FY 2007, the Support for East European Democracy (SEED) account funds staffing costs and U.S. contributions for OSCE field missions in Southeast Europe. The SEED regional budget is funding the bulk of U.S. contributions for OSCE missions in the Balkans, U.S. contributions to the Office of the High Representative (OHR) in Bosnia and Herzegovina, and security costs for senior Americans leading such missions.

FSA and SEED funds are also being used to pay the salaries of American citizens seconded to the OSCE Secretariat and field missions, as well as the travel costs of Americans serving as election monitors for the OSCE's Office of Democratic Institutions and Human Rights (ODIHR). The service of these individuals is a crucial USG contribution to the effective work of the OSCE, a key means of maintaining U.S. influence over OSCE activities, and an avenue for promoting democratic elections in Europe and Eurasia.

A total of \$28.5 million in FY 2007 SEED funding and \$10 million in FY 2007 FSA funding is being requested for these purposes. In addition, \$2 million in FSA funding is being requested to support extra-budgetary contributions to the OSCE for projects to promote human rights, democratization, counterterrorism, rule of law and good governance, economic development, and environmental security.

\$1 million in FY 2007 Economic Support Funds (ESF) is requested for activities within the OSCE region and beyond. These funds will support: OSCE election observation missions and elections-related activities; peacekeeping-related activities such as conventional arms control projects; OSCE field activities to monitor implementation of agreements to resolve existing regional or inter-ethnic conflicts; and rapid-response teams to prevent new regional tensions from developing into armed conflict. Funds will also promote human rights, democratization, counterterrorism, border security, rule of law and good governance, economic development, environmental security; and support for staffing and related costs of OSCE missions and institutions that support U.S. foreign policy objectives. ESF funds for the OSCE will provide

flexibility by enabling the United States to support high priority OSCE activities that take place outside FSA or SEED countries, such as Afghanistan.

## Regional FSA

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FSA	30,289	31,957	29,430

In FY 2007 FREEDOM Support Act (FSA) regional programs will continue to advance the entire range of the U.S. Government's assistance objectives, including increased trade and foreign investment, development of small and medium-sized enterprises (SMEs), combating crime and corruption, fighting trafficking in persons, preventing the spread of disease, and promoting economic restructuring and democratic reform. Several U.S. national interests in the Eurasian region are advanced through security assistance projects that involve more than one country. These programs, implemented by the Department of State, Department of Homeland Security, and other U.S. Government agencies, include enhancing border security throughout the region, fighting trafficking in narcotics and persons, reducing the likelihood of international terrorist operations, and improving human-rights practices in criminal justice institutions. FSA regional funds support programs that redirect former Soviet weapons-of-mass destruction (WMD) expertise to peaceful activities and enhance the ability of the Eurasian countries to prevent the proliferation of WMD and associated delivery systems, materials and technologies, conventional weapons and other illicit trafficking across their borders.

FSA regional funds support the economic reform and development activities of several U.S. Government agencies in the region, including USAID anti-corruption, accounting and financial system reforms, Trade and Development Agency feasibility studies, Treasury Department technical assistance, Department of Agriculture training and exchange programs, and Commerce Department training programs and trade and investment support activities. These programs promote regional cooperation and stability by providing opportunities for citizens of the region to work together to promote economic restructuring and democratic reform, for example by promoting water and energy-sector reforms in Central Asia. In addition, FSA regional funds support key metrics that permit USAID, the State Department, and partners to identify progress towards attaining the President's and goals in promoting democratic societies.

The FSA regional budget also includes limited funding for humanitarian programs and a small contingency fund to enable the U.S. Government to respond quickly to targets of opportunity such as democratic and economic reforms and peace settlements. This fund is also used to augment projects that perform very well during the year and require additional support. For example, in FY 2005 such funds were used to support the extraordinary elections monitoring efforts during the second and third rounds of the Ukrainian elections.



## Regional SEED

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
SEED	27,432	21,087	17,900

Support for East European Democracy (SEED) regional funds help to restore the ties between Southeast European countries that were broken by the wars of the 1990s, and sustain the transition to democracy, market economies, and social stability in Southeast Europe. Through regional programs that bring together several SEED countries, the United States pursues its interests in economic growth, trade, and reducing international criminal and terrorist threats to U.S. citizens. For most regional assistance programs, the United States leverages its funding with money from European and other donors to support U.S. policy priorities. In FY 2007, regional programs will focus on helping Southeast Europe accelerate its integration into Euro-Atlantic institutions.

To integrate the region economically, FY 2007 SEED assistance will help reduce barriers to trade, harmonize financial laws and practices, link industrial and business sectors between countries, support energy efficiency, and facilitate infrastructure development. The United States will join European donors in supporting the Investment Compact for Southeast Europe, an initiative of the Organization for Economic Cooperation and Development that helps Southeast European countries, plus Moldova and Kosovo, reform their business climates. Through the Compact, Southeast Europe is the only region in the world that jointly cooperates to improve the investment climate and market itself as an investment area. In FY 2007, the United States will continue its joint efforts with the European Commission to help develop a common regional market for electricity and natural gas that will eventually link to European Union countries.

Funding is expected to continue for analytical work that tracks progress toward successful democratic transition, including the annual Nations in Transit report and annual assessments of NGO and media sustainability. SEED regional funds will provide assistance to regional non-governmental organizations through grants made by the National Endowment for Democracy (NED).

In order to maximize the long-term benefits of U.S. training and exchanges, SEED will provide small grant funding for alumni of these programs. U.S. Embassy Public Affairs Officers in Southeast Europe will use SEED funds to maintain contact and encourage networking among alumni. Grants to both individual alumni and regional alumni associations will support a broad array of activities focused on democratic advancement and economic reform.

The United States has a strong national interest in getting Southeast European countries to work together and to combat with the United States the common threat of organized crime, extremists and terrorists. FY 2007 U.S. assistance will be combined with significant funds from the European Union, other international donors and the Southeast European countries themselves to continue funding for the Regional Center for Combating Transborder Crime in Bucharest, Romania (known as the SECI Center.) The SECI Center administers regional law enforcement operations in the areas of human trafficking and the smuggling of narcotics, small arms, and excise value goods.

SEED funds will also support the International Law Enforcement Academy (ILEA) in Budapest, Hungary, and operational coordination between Southeast European and U.S. law enforcement officials by training Southeast European law enforcement specialists. The ILEA provides high-quality training and technical assistance, supports institution building and enforcement capability, and encourages strong partnerships between countries in the region. Continued U.S. engagement with the SECI Center and ILEA will remain

an important catalyst to increased and effective regional cooperation against organized crime, all forms of trafficking, and terrorism.

In the past, the United States has leveraged its assistance by working with European, Japanese and other international organizations and donors through the Stability Pact for Southeast Europe. The Stability Pact began a process in November 2005 to transfer ownership of its reform initiatives to the countries of the region in order to make regional cooperation on reform self-sustaining. The United States will continue to support this transfer process.

The SEED regional budget also funds Congressional directives related to health and HIV/AIDS, and for professional development of U.S. academics studying Southeast Europe under the Title VIII program.

NEAR EAST

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**Algeria**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	920	743	840
NADR-ATA	482	-	575
NADR-EXBS	-	65	300
NADR-TIP	-	-	200

Engagement with a stable, secure, and democratizing Algeria is important to U.S. national interests. Algeria shares our interest in fighting terrorism, plays an important leadership role in the Arab world, Africa, and the Mediterranean basin, and is a significant, stable supplier of gas, oil and LNG. Algeria is emerging from a decade of terrorist violence and state repression that cost upwards of 100,000 lives, and is moving slowly forward on a process of democratic and economic reform. Recent positive steps towards economic liberalization and democratization have come through progress on WTO accession and the government's plan to privatize much of Algeria's huge state sector, and reform of the judicial sector. U.S. projects through the Middle East Partnership Initiative (MEPI) will reinforce these initiatives.

U.S. assistance to Algeria has helped to foster institutional ties with the Algerian military. The Algerian government has demonstrated it is an outstanding partner in the global war against terrorism; it remains in the U.S. interest to help the Algerian military increase its readiness, professionalism, effectiveness, and to improve its interoperability with the U.S. and other allied forces. The threat of terrorism from internal Algerian extremist groups and those with ties to international terrorist organizations continues to plague Algeria and threatens U.S. interests in the region. While most large towns and cities are now free of violence, military action in remote rural areas against the remaining armed insurgents is expected to continue for the foreseeable future. New causes for concern for the Algerian military have been the terrorist targeting of foreign travelers in the South and an attack on a Mauritanian military outpost by the Algerian terror group the Salafist Group for Preaching and Combat (GSPC). These events create the need for new counter terrorism efforts, enabling collaboration with regional partners to secure Algeria's long and porous borders. Algeria inaugurated the African Union Counterterrorism Research Center in Algiers in October 2004 whose purpose is to pool CT resources across Africa.

The International Military Education and Training (IMET) program helps military leaders develop contacts with U.S. counterparts, better understand U.S. policies, increase awareness of international norms and foster greater respect for the principle of civilian control of the military. In Algeria, IMET develops relationships with members of a key military power with whom the United States has traditionally had very limited ties, but with whom we hope for deeper engagement. In May 2005, the U.S. and Algeria launched an ongoing Joint Military Dialogue to foster expanding contact through exchanges, training, and joint exercises. Algeria's primary military suppliers had been the former Soviet Union and China; however, in recent years, it has diversified its sources of military materiel. Indeed, as Algeria pursues its goal of securing stability in the Mediterranean, a goal we share, interest in cooperation with the United States and Europe is on the rise. Algeria is an active member of NATO's Mediterranean Dialogue and participates in joint exercises with the U.S. and regional partners. Training in FY 2007 will include a continued focus on English language training and placement of officers in key Professional Military Education (PME) courses as well as selected technical training courses and staff colleges. The Algerian military has made proficiency in English a prerequisite for advancement in its officer corps, suggesting an institutional willingness to engage with us further. In this respect, IMET is well placed to provide significant added value to our growing relationship. Algeria is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Algeria in modernizing its armed forces.

Nonproliferation, Anti-terrorism, Demining, and Related (NADR) programs in Algeria continue to make great strides. In FY 2007, NADR/Anti-terrorism Assistance (ATA) is requested for newly developed advanced courses and continued training designed to sustain Algeria's counterterrorism training capabilities. In addition, ATA will continue to promote multilateral cooperation by conducting regional training courses.

In FY 2007, NADR/Terrorism Interdiction Program (TIP) assistance is requested to implement new program operations and equipment that Algeria will use in support of the ongoing Global War on Terrorism. NADR/Export Control and Related Border Security (EXBS) assistance in FY 2007 will support multilateral regional training opportunities to strengthen institutions and policies relevant to strategic trade control laws, and enhance enforcement capabilities, including by equipping relevant enforcement agencies.

**Bahrain**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	18,847	15,593	15,750
IMET	649	644	640
NADR-ATA	1,489	3,098	955

In 2001, President Bush designated Bahrain a Major Non-NATO Ally (MNNA) in recognition of the close cooperation and facilities support that Bahrain has provided the U.S. Navy for more than 50 years. Bahrain currently hosts the U.S. Navy Fifth Fleet Headquarters and important air assets. The United States has an enduring national security interest in retaining access to these military facilities in order to maintain stability in the Gulf, support operations in Iraq, and facilitate the on-going war on terrorism. The relatively open access to facilities, land and airspace that Bahrain provides is critical to U.S. Operations in Iraq, Afghanistan, and the Horn of Africa, as well as nascent regional interception activities that prevent illicit smuggling of narcotics and other goods, and any contingency operations and/or force projection in the Gulf and Southwest Asian areas. Bahrain continues to provide important political and military support for our operations in Iraq and Afghanistan.

The Government of Bahrain (GOB) has been a steadfast supporter of U.S. foreign policy objectives. In addition to supporting U.S. objectives in Iraq since 1990, Bahrain has been a key supporter of the war on terrorism. Bahrain deployed naval assets in support of Operation Enduring Freedom (OEF). Bahrain also deployed ground, air and naval assets to Kuwait in support of Operation Iraqi Freedom (OIF). Bahrain was also the only nation in the Gulf to deploy its own forces to provide humanitarian support for Afghan relief. A major regional banking center, Bahrain has also pioneered the introduction of financial controls on all financial institutions, including Islamic banks, to prevent illicit terror financing. In November 2004 Bahrain hosted the founding meeting of the Middle East/North Africa Financial Action Task Force, which will promote regional adoption of international banking standards to curtail money laundering and terrorist financing. U.S. political and military support and cooperation also helps encourage the significant ongoing political and economic reforms fostered by the Government of Bahrain. In 2002, Bahrainis went to the polls for the first time in over 30 years to elect the lower house of the National Assembly. Women were not only eligible to vote but also ran as candidates for national office in those elections -- a first for any Gulf Cooperation Council member state. Parliamentary elections will take place in October 2006. On January 11, 2006, President Bush signed the U.S.-Bahrain Free Trade Agreement into law, an achievement reflecting Bahrain's significant strides on economic reform. The State Department is working with Bahrain to improve our counter-terrorism cooperation and to ensure that the GOB continues its progress forward on political reform.

Bahrain's Foreign Military Financing (FMF) and International Military Education and Training (IMET) security assistance programs support the United States' national interest in maintaining stability in the Gulf. FMF was used to upgrade weapons systems to further develop a truly integrated air defense network, and enable an expansion of littoral waters maritime interdiction operations. In FY 2007, FMF will continue to support the development of an integrated air defense network, the acquisition of radar, sustainment of U.S.-origin equipment, and support for Bahrain's F-16 fleet. FY 2007 IMET will serve to enhance interoperability with U.S. forces, promote military professionalism, and reinforce the importance of a strong, cooperative political/military relationship with the United States among the Bahraini officer and non-commissioned officer corps. In addition, U.S.-based courses will provide instruction in the democratic principles of civilian control of the military and help to encourage the political reforms already underway in Bahrain. Bahraini attendance at key Professional Military Education (PME) courses will foster key one-to-one relationships that will pay invaluable rewards in the form of interoperability, access, coordination and

mutual understanding especially in terms of the on-going war on terrorism. IMET-funded maintenance, logistics and specialist training provide military personnel with the prerequisite skills required to maintain the stocks of U.S. furnished equipment, and enhance Bahrain's value as a training and coalition partner. Bahrain is eligible in FY 2007 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist in maintaining military mobility and readiness.

In FY 2007, Nonproliferation, Anti-terrorism, Demining and Related Programs--Anti-terrorism Assistance (NADR-ATA) programs will continue to support training focused on newly developed advanced courses, designed to sustain Bahrain's counterterrorism training capabilities. In addition, ATA will continue to promote multilateral cooperation by conducting regional training courses.



**Egypt**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	530,720	490,050	455,000
FMF	1,289,600	1,287,000	1,300,000
IMET	1,264	1,188	1,235
NADR-ATA	76	1,425	1,510
NADR-CTF	385	200	100
NADR-EXBS	-	310	250

Egypt is the largest and most populous country in the Arab world and it is one of the most important allies of the United States. Egypt's support for U.S. initiatives – whether multilateral or bilateral and whether political, strategic, military, or economic – is critical. In the global war on terrorism, Egypt actively aids the United States with public support, logistical and intelligence assistance, financial cooperation, and diplomatic coordination. Egypt's already crucial role in Middle East peace efforts has been enhanced by its role in Israeli disengagement from Gaza. Egypt's extensive logistics support during the war in Iraq was critical to U.S. success, and its post-war efforts to reintegrate Iraq into the Arab and world community are equally important. As a moderating influence, Egypt is pivotal to U.S. interests in the Arab, Muslim, and developing worlds, as well as geographically key in the Middle East, Africa, and the Mediterranean basin. An Egypt that is stable and that views the United States as a friendly ally will continue to be vital to U.S. national security interests for the foreseeable future. It is the U.S. view, however, that Egyptian stability would be well served by a political reform process that leads to greater democracy and transparent governance. What appeared in early 2005 to be positive steps towards political liberalization in Egypt were undermined by less than free and fair elections in the latter part of the year. U.S. assistance to Egypt will continue against this backdrop, with political reform being a priority objective of U.S. policy and development aid.

In FY 2007, \$455 million ESF is requested for the Egypt program. Of that amount, \$255 million will fund various reform projects pertaining to democracy and governance, health, education, environment and infrastructure. These priority objectives were identified by the USAID Program Review and also mirror the objectives of the Middle East Partnership Initiative.

The remaining \$200 million, of which \$183.5 million will be disbursed through the Development Support Program cash-transfer mechanism, will be used to promote economic reform. Financial sector reform is a primary focus of these funds, as reforms will help Egypt to improve its domestic economic conditions. Such reforms will also serve to increase U.S. exports and open new opportunities for U.S. trade and investment.

The FY 2007 request of \$1.3 billion for Egypt in Foreign Military Financing (FMF) will continue to support a modern, well-trained Egyptian military helping to ensure stability in the Middle East and North Africa and striving to achieve increased interoperability with U.S. forces. FMF support for Egypt will continue to advance U.S. foreign policy goals in the region and further enable Egyptian Armed Forces to participate as coalition partners in military operations around the world. Military aid to Egypt facilitates U.S. access to the Suez Canal and vital overflight routes used to support U.S. forces in Southwest Asia. Egyptian support for international peacekeeping operations and the Global War on Terrorism have proven time and again the validity of our FMF arrangement. Because Egypt's five-year plan currently calls for no new large acquisitions, most funding will go to follow-on support requirements and existing cash flow obligations.

The \$1.2 million requested in FY 2007 International Military Education and Training (IMET) funds will continue to play a critical role in the professional and technical development and training of the Egyptian military forces. These funds allow Egypt to send students to both Technical and Professional Military Education (PME) courses. These courses include, but are not limited to, U.S. service war colleges, command and staff colleges, and officer and non-commissioned officer entry-level courses. Egyptian attendance helps foster one-to-one relationships that improve U.S.-Egyptian military interoperability and coordination and serve U.S. regional interests. IMET-funded maintenance, logistics and specialist training provides Egyptian military personnel with the skills needed to maintain Egypt's stocks of U.S. furnished equipment, and enhances their value as a training and coalition partner. In FY 2007, Egypt will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act, which enables Egypt to procure critically needed U.S. equipment and spare parts for its existing U.S.-origin inventory.

Nonproliferation, Anti-terrorism, Demining, and Related (NADR) Programs in Egypt continue to make great strides. In FY 2007, NADR/Anti-terrorism Assistance (ATA) is requested for newly developed-advanced courses and continued training designed to sustain Egypt's counterterrorism training capabilities. In addition, ATA will continue to promote multilateral cooperation by conducting regional training courses.

In FY 2007, NADR/Counterterrorism Financing (CTF) assistance is requested to implement anti-money laundering and counterterrorism financing training courses for Egyptian prosecutors. NADR/Export Control and Related Border Security (EXBS) assistance in FY 2007 will support multilateral regional training opportunities to strengthen institutions and policies relevant to strategic trade control laws, and enhance enforcement capabilities, including by equipping relevant enforcement agencies.

**Iraq**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	-	60,390	478,770
IMET	-	693	1,185
INCLE	-	-	254,600
NADR-ATA	-	-	5,000
NADR-CTF	-	-	1,980
NADR-EXBS	-	-	1,150
NADR-HD	2,840	-	5,000
NADR-TIP	750	-	1,000
P.L. 480 Title II	2,963	-	-

Note: The FY 2007 levels above exclude funding for refugee assistance (\$20 million) and the WMD scientist redirection program (\$2.5 million) in Iraq that are requested as part of larger programs within the MRA and NADR accounts, respectively.

The FY 2007 budget request will enable Iraqis to become more self-reliant, build national and economic capacity, and facilitate Iraq becoming a stable, united, prosperous, and democratic country that will be a key ally in the war on terrorism. As the President's National Strategy for Victory in Iraq makes clear, our success in Iraq cannot be achieved without the economic and political tracks. The FY 2007 funding request builds on the previous accomplishments achieved with the Iraq Relief and Reconstruction Fund (IRRF) to help Iraqi political institutions and the economy continue to grow. These programs will better enable Iraqis to sustain the existing infrastructure, promote economic growth and development, build national capacity, facilitate the return and integration of refugees, and support a variety of WMD-related programs, such as ensuring that Iraqis with WMD expertise remain gainfully employed and not seek jobs in other countries.

\$154 million in FY 2007 ESF funds will allow the USG to sustain existing US investments in the Iraqi economic infrastructure particularly in the critical electricity and water sectors. One component will include technical training of Iraqi officials to sustain these investments. This training will assist the Government of Iraq in establishing appropriate systems at the ministerial and plant level to adequately operate and maintain significant infrastructure.

\$25 million in FY 2007 ESF funding is requested to continue capacity-building efforts at the Iraqi government ministries and national institutions. This capacity building will, for example, help develop and train Iraqis on budgeting, planning, and overall fiscal management. A distinct aspect of FY 2007 funding will be the continuation of work to ensure Iraq has a sound monetary policy through training and technical assistance to Iraq's Central Bank and Ministry of Finance in order to implement key reforms.

\$90 million in FY 2007 ESF funds will be used to sustain economic growth and job creation through improvements in Iraq's economic policy, subsidy, legal, regulatory, transparency, and institutional framework. These funds will help the Government of Iraq make the politically difficult economic reforms needed to build a solid base for supporting and sustaining basic essential services to the Iraqi people. To complement such efforts, \$19 million in FY 2007 ESF funds will be used to continue supporting the private sector through financial services training and technical assistance, as well as small, medium and micro-enterprise loans to Iraqi lending institutions.

\$104 million in ESF funding will promote agriculture and non-agriculture private sector development. This program will use an enterprise-driven approach to create value chains from the farm (both crops and livestock) to the market, particularly for higher value cash crops. The intent is to develop small- and medium-scale private agro-food enterprises (SMEs) to produce, process, package, market, and distribute agro-food goods and services. As part of the program, it will establish rural financial services, improving their ability to survive as enterprises.

\$63 million in FY 2007 ESF funding will support critical democracy programs as Iraqis transition to its first, permanent, democratically-elected government in history. ESF funding will strengthen Iraqi appreciation for democratic principles, values, and processes, complementing efforts to spur economic development and build ministerial-level capacity. Democracy and civil society programs will expand non-sectarian political participation, provide assistance to the Iraqi Parliament, further advance human rights as a fundamental foundation for governance, ensure participation of women in Iraq's new democratic society, and institutionalize peace-building and reconciliation capacity, with the ultimate aim being an Iraq at peace with itself and at peace with its neighbors. In addition, \$24 million in FY 2007 ESF funds will be used to support the Department of Justice-led Iraq Regime Crimes Liaison Office (RCLO) operating in Iraq to assist and advise the Iraqi High Tribunal (IST), the Iraqi court charged with investigating and trying members of the former regime for war crimes, crimes against humanity, and genocide.

Democracy and civil society programs complement overall rule of law programs in Iraq. In fact, approximately one-third of FY 2007 Iraq funding will focus on rule of law. The FY 2007 INCLE programs will collectively develop and harmonize an effective means for sustaining an integrated process of justice within Iraqi law. There are nine programs that will be supported with INCLE funding: strengthen human rights enforcement in the Iraqi criminal justice system, promote the integration of police, courts and prisons; continue development of public integrity codes of conduct and anti-corruption laws; develop legal assistance centers and increase public understanding of the justice system; initiate a public prosecutor development program; provide courthouse infrastructure and security enhancements; provide corrections advisors to the Iraqi criminal justice system; fund INL administration and oversight costs for Iraq; and support a US Marshals Service program to provide secure housing and transportation for Iraqi judges.

The FY 2007 IMET program will be primarily used to help provide English-language training to Iraqi soldiers receiving other types of assistance from DOD programs. Enhancing the ability of Iraqi soldiers to speak English will help in training these forces and increase the English speaking pool of students who may then be eligible in the future to receive quality professional and technical military education within the United States. FY 2007 IMET funds will also support the attendance of Iraqi military officers at professional military education schools. Iraq will be eligible in FY 2006 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act, which supports the provision and sustainment of critically needed equipment, provides spare parts, and promotes interoperability with U.S. and coalition forces.

\$20 million in FY 2007 Migration and Refugee Assistance (MRA) is requested to support the following targets: voluntary return and reintegration assistance for an estimated 150,000 new returns in the critical sectors of health, water/sanitation, shelter, and primary education; meeting the short-term needs of communities impacted by large numbers of returning refugees; providing life-sustaining assistance and protection for vulnerable Iraqis in neighboring countries; and supporting durable solutions for foreign refugee populations inside Iraq.

FY 2007 Non-proliferation, Anti-terrorism, Demining, and Related Programs/Anti-Terrorism Assistance (NADR/ATA) is requested to continue the development of effective civilian law enforcement antiterrorism organizations in Iraq. The program will begin to implement comprehensive counterterrorism country assistance, once responsibility is transferred from the Department of Defense, by first conducting a full

needs assessment and capability review. Targeted courses, consultations, executive seminars, and equipment will follow and address specific strengths and weaknesses as noted in the needs assessment.

\$2.5 million in FY 2007 NADR/Nonproliferation of WMD Expertise funding is requested for the WMD scientist redirection program in Iraq. Since its inception in spring 2004, this program has engaged approximately 200 key scientists, engineers and skilled technicians previously employed in WMD programs. As the security situation continues to improve, the program will offer financial and organizational support for specific science-based projects proposed by program participants, especially those focusing on areas of importance to the reconstruction of Iraq. The program also coordinates with Iraqi government ministries to match scientists' expertise with the needs of the new Iraqi government. This funding will also support the activities of USG advisors to the Iraqi International Center for Science and Industry (IICSI) once it achieves NGO status.

As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and related technologies, and other weapons, the United States plans to provide NADR Export Control and Related Border Security Assistance (EXBS) funds. FY 2007 funds will focus support on establishing and improving detection, enforcement, and interdiction capabilities of officials in multiple Government of Iraq ministries.

FY 2007 NADR/Humanitarian Demining (NADR/HD) is requested to continue development of national capacity within the National Mine Action Authority of the Ministry of Planning particularly in the areas of resource mobilization, financial management and planning; technical and operational support for the Iraqi Mine Clearance Organization specifically to address high-threat concentrations of unexploded or cached ordnance as well as rehabilitation of key infrastructure blocked by landmines and/or ordnance; facilities support for the training of Iraqi defense personnel in mine and unexploded ordnance clearance operations. This program, with more than 1,000 Iraqis trained in explosive detection and removal, is actively clearing mines and removing ordnance, improving public safety and simultaneously working to reduce insurgent access to deadly munitions.

FY 2007 NADR/Terrorist Interdiction Program funding is requested to support efforts to disrupt the travel of terrorists into Iraq by increasing the number of Iraqi ports of entry equipped with and capable of effectively operating the program's PISCES watchlisting system.

FY 2007 NADR/Counterterrorism Finance Program fund are requested to expand counterterrorism finance programs to address the threat of non-bank conduits (e.g., NGOs and cash couriers) to fund terrorism. Resident advisors, who will provide direct legal and law enforcement assistance to our foreign counterparts on terrorist finance and money laundering cases, will be deployed to Iraq.

**Israel**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	357,120	237,600	120,000
ESF-SUP	50,000	-	-
FMF	2,202,240	2,257,200	2,340,000
NADR-ATA	210	526	320

The United States has a strategic foreign policy interest in a stable, democratic, and economically and militarily strong Israel at peace with its neighbors. U.S. economic and military assistance to Israel helps foster that stability in a historically volatile region whose importance is vital to U.S. economic and security interests. FY 2007 Economic Support Fund (ESF) and Foreign Military Financing (FMF) support will increase Israel's security and advance U.S. objectives by furthering progress toward the President's two-state vision, reducing regional tensions, encouraging the process of "normalization," and strengthening moderates in the Middle East.

Annual FMF support to Israel is an important component of our steadfast commitment to Israel's security. FY 2007 FMF assistance will serve the following U.S. goals: maintaining the Israeli Defense Forces' (IDF) qualitative edge in the regional balance of power; strengthening Israel's ability to deter threats and defend itself; preventing regional conflict; assisting Israel in achieving our shared goals of countering terrorism and weapons of mass destruction proliferation; and building the confidence necessary for Israel to take calculated risks for peace, as evidenced by Israel's disengagement from Gaza and parts of the northern West Bank in 2005.

FMF represents about 21 percent of Israel's defense budget and is crucial to Israel's multi-year defense modernization plan. The FY 2007 FMF request will enable the Israeli government to meet cash flow requirements associated with the procurement of U.S.-origin systems, such as F-16I fighter aircraft, the Apache Longbow attack helicopter, field vehicles, and advanced armaments. Israel also will be eligible in FY 2007 to receive Excess Defense Articles under section 516 of the Foreign Assistance Act for defense maintenance, spare parts, support equipment and other needs.

FY 2007 ESF will continue to support Israel's economic and political stability, thereby enhancing regional stability, furthering U.S. regional reform efforts, and fostering linkages that reduce Israel's isolation and encourage Arab-Israeli peace. Enhancing Israel's economic relationships serves the U.S. national interest by decreasing Israel's political and economic dependence on the United States. Promoting market-oriented reform contributes to Israel's continued economic growth. It permits a gradual phase-out of U.S. economic assistance, enhances Israel's ability to repay its debt to the United States, and opens new opportunities for both U.S. investment and export sales. In recent years, Israel has implemented sound capital market and structural reforms and substantially increased trade linkages with its neighbors.

**Jordan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	248,000	247,500	245,000
ESF-SUP	100,000	-	-
FMF	204,352	207,900	206,000
FMF-SUP	100,000	-	-
IMET	3,039	2,970	3,060
NADR-ATA	849	880	935
NADR-CTF	350	100	200
NADR-EXBS	860	1,000	506
Peace Corps	1,294	1,599	1,614

Jordan shares borders with Israel, the West Bank, Syria, Iraq and Saudi Arabia. Jordan is a key strategic partner for the United States as we face four interconnected policy challenges in the Middle East - helping to build a unified, stable, prosperous Iraq; realizing a two-state solution to the Israeli-Palestinian conflict; defeating terrorists and their state sponsors; and supporting regional leaders calling for political, economic, judicial, and educational reform. Jordan's own leaders identify their strategic interests with success in these four areas and have provided bold leadership and tangible support. Jordan has actively supported our efforts in Iraq, to include facilitating the training of Iraqi security officials (the Jordan International Police Training Center has trained over 27,000 Iraqi police cadets), as well as providing much-needed equipment to the Iraqi army and air force. Jordan has provided critical political support for Iraq in regional and international forums and has worked closely with the new Iraqi Government. Jordan and Israel in October 2005 marked the 11-year anniversary of their peace treaty; Jordan pledged its support to the Palestinian Authority following the January 2005 elections. Jordan is on the forefront of the war against terrorism, providing intelligence, diplomatic, military, and security cooperation to the United States and our allies in the region. In August, 2005, terrorists from Iraq attempted to strike U.S. naval vessels in Aqaba port with rockets, killing a Jordanian soldier. In November 2005, Abu Musab al-Zarqawi's Al Qaeda in Iraq terrorist group bombed three hotels in Amman, killing 60 people and injuring more than 100 others. Jordanian authorities in 2004 thwarted several Zarqawi-sponsored terrorist attacks on Jordanian territory, including a major plot that targeted the U.S. embassy and Jordanian facilities. Jordan continues to lead the way as a regional model for democracy, good governance, economic reform, and tolerance. In November 2004 Jordan unveiled the "Amman Message," a declaration that rejects religious extremism and terrorism and seeks to promote moderate Islam and dialogue. The GOJ's campaign on behalf of moderate Islam continued with a conference of leading Muslim scholars in Amman in July, 2005, leading up to a December meeting in Mecca of the Organization of the Islamic Conference endorsing the Amman message. The GOJ has openly declared its commitment to increasing political participation, particularly among women, and promoting enhanced transparency. U.S. economic and military assistance to Jordan signals our strong support of and appreciation for an important ally in the Middle East region.

Economic Support Funds (ESF) for Jordan are used for USAID programs that focus on three objectives: (1) increasing economic opportunities, (2) strengthening water resources management; and (3) improving social sector development (including education and healthcare) and governance.

U.S. assistance to expand economic opportunities for Jordanians is designed to build on the economic reforms achieved to date by striving for a more transparent, efficient, and responsive public sector, more effective legal and regulatory reforms, and greater private sector growth, especially in terms of capitalizing

on the U.S.-Jordan Free Trade Agreement (FTA). Promoting economic growth in Jordan enhances its level of employment and political stability and will also permit a gradual decrease in U.S. assistance and open new opportunities for U.S. investment and export sales. U.S. assistance will promote good governance and support the efficient and transparent administration of Parliamentary elections scheduled for 2007. Technical assistance will be given to ensure open and transparent election systems and will be targeted at political parties as well as targeted to increase the number of women participating in elected political life. . U.S.-funded water sector programs will aim to strengthen key institutions and policies, optimize the availability, allocation, and use of limited water resources and waste-water treatment capacity, and improve environmental protection. U.S. assistance will also fund continued primary healthcare and family planning initiatives; and improve and expand early childhood and secondary education, including vocational and life skills training.

The Department of State and USAID continue to engage the Jordanian Government in reviewing the overall strategic direction of the USAID/Jordan portfolio, and will continue an internal dialogue to ensure the program is complementary of the goals and objectives of the Middle East Partnership Initiative.

Jordan is critical to U.S. security interests in the region. Foreign Military Financing (FMF) programs buttress Jordan's ability to maintain secure, peaceful borders with its neighbors and help Jordan's armed forces modernize and improve readiness and interoperability with the U.S. Jordan will use FY 2007 FMF funds to support modest force modernization, while increasingly focusing on counter-terrorism and border security efforts. FMF funds will also support sustainment of existing U.S.-origin inventory. Programs such as the UH 60 BLACKHAWK and the C4ISR program will continue to enhance Jordan's ability to monitor its borders and respond rapidly to any incident at anytime.

Jordan's IMET program is one of the largest and most productive programs in the world. IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes military professionalism, and reinforces the importance of a strong, cooperative political/military relationship with the United States among the Jordanian officer corps. Jordan sends students to Professional Military Education (PME) courses including U.S. senior service schools, Command and Staff Colleges, and other key PME courses. Jordanian attendance at key PME courses has helped foster one-to-one relationships that are paying invaluable rewards in the form of interoperability, access, coordination and mutual understanding especially in terms of the on-going war on terrorism. IMET-funded maintenance, logistics and specialist training provides military leaders with the skills to maintain stocks of U.S. equipment, and enhances Jordan's value as a training and coalition partner. In addition, Jordan is eligible in FY 2007 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act; this enables the government to make maximum use of scarce funds for critically needed equipment and spare parts.

Finally, as part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide Non-Proliferation Anti-Terrorism Demining and Related Programs (NADR) Export Control and Related Border Security (EXBS) funds for a cooperative program in Jordan. FY 2007 NADR/EXBS funds will support multilateral regional training opportunities to strengthen institutions and policies relevant to strategic trade control laws, and enhance enforcement capabilities by equipping relevant enforcement agencies. In FY 2007, NADR/Anti-terrorism Assistance (ATA) is requested for newly developed advanced courses and continued training designed to sustain Jordan's counterterrorism training capabilities. In addition, ATA will continue to promote multilateral cooperation by conducting regional training courses. NADR/Counterterrorism Financing (CTF) is requested to implement anti-money laundering and counterterrorism financing training courses to host Jordanian prosecutors and is also requested to train Jordanian customs agents on how to interdict bulk cash smugglers.



**Kuwait**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	-	20
NADR-ATA	814	840	1,070
NADR-CTF	-	300	-

The U.S.-Kuwaiti military relationship is governed by terms of a Defense Cooperation Agreement signed in 1991 following the liberation of Kuwait. This agreement was the foundation of cooperation that deterred further Iraqi aggression against Kuwait and ultimately underpinned Kuwaiti support for Operation Iraqi Freedom. Even as a peaceful Iraq emerges to play a positive role in regional security structures, cooperation with Kuwait will remain vital to our regional strategic objectives. Diplomatic efforts and fostering an ongoing strategic dialogue with senior political and military leaders will play a central role in ensuring that political-military arrangements with Kuwait are aligned with our strategy and sustainable in the face of new threats that are likely to emerge in the volatile Persian Gulf region. We will be working closely with CENTCOM and the Government of Kuwait on a multi-year strategy that serves the mutual interests of the United States and Kuwait.

Kuwait provides indispensable support in terms of access to its facilities, resources, and land to support military operations in Iraq. We anticipate that for the duration of coalition military presence in Iraq, the U.S. Mission in Kuwait will be intensively engaged in managing and facilitating day-to-day aspects of support for those activities with host government agencies. Because of its history with the Saddam regime in Iraq and the special relationship that evolved with the United States from the 1991 liberation, Kuwait continues to provide unique and unstinting support to the coalition for Operation Iraqi Freedom (OIF) operations. Maintaining that level of support and encouraging Kuwait to continue to act as an ally in building new regional security structures and deterring future threats to our mutual interests in this strategic region will be a top priority over the coming years. Our chances of success in achieving this goal would be greatly helped through the IMET funds sought for FY 2007. Kuwait has provided extraordinary levels of assistance to support our military operations and reconstruction programs in Iraq for over 20 months. To underscore its commitment to our security relationship, the Government of Kuwait (GOK) in 2004 rushed to construct a new permanent U.S. military base to the south of Kuwait City (Camp Arifjan), turning it over to us three years ahead of schedule. Kuwait turned over significant portions of its territory to Coalition forces in 2003 for OIF, declaring these areas a closed military zone.

A minimal IMET program for Kuwait to support both English language and U.S. military training will significantly reduce Kuwait's overall language course costs and build a foundation for major increases in future U.S. training for the Kuwait Ministry of Defense. The difficulties that Arabic speaking military officers face learning English means that Kuwait currently must invest substantial sums to train officers in English before sending them to U.S. language, technical, and professional military schools. Due to Kuwait's limited training budget, current prohibitive course costs have prevented the GOK from sending officers to U.S. military schools, and are undermining the long-term benefits of educating Kuwaiti military leaders in the U.S. Each year the Kuwait military sends more of its officers and enlisted personnel to countries other than the U.S. for more cost-effective professional training. The relatively modest amount of IMET funds requested for FY 2007 will permit the Kuwaiti government to purchase military training in the United States at considerably lower cost than is charged countries that are not eligible for IMET. This military training will provide Kuwaiti officers with a sophisticated level of military expertise to facilitate increased interoperability with U.S. forces, and will provide officers with the skills necessary to maintain the military systems U.S. companies sell to Kuwait. The requested funds are an important tool in building long-term cooperative links with a vital regional ally.

**Lebanon**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	500	-	-
ESF	34,720	39,600	35,500
ESF-SUP	5,000	-	-
FMF	-	990	4,800
IMET	809	693	935
NADR-HD	2,300	1,000	2,000

The United States has a strong interest in promoting a stable, independent, democratic, and economically viable Lebanon at peace with Israel and neighboring states. These characteristics will open new opportunities in Lebanon for U.S. investment and exports, help combat terrorism, and contribute to the fight against illegal drugs, violations of intellectual property rights, and trafficking in persons. Political changes in 2005, including the assassination of former PM Rafiq Hariri, the Syrian military withdrawal, and legislative elections that resulted in the first “made-in-Lebanon” cabinet since the civil war, have created new opportunities for political, institutional, and economic reform. The current climate in the wake of the Syrian withdrawal provides a unique opportunity to garner greater support for U.S. policies in the region. However, progress is hampered by continued Syrian interference in Lebanese politics, the tenuous security situation, and nearly \$36 billion (178% of GDP) in public debt.

The FY 2007 Economic Support Fund (ESF) request of \$35.5 million for Lebanon will be used to promote economic growth, democracy and good governance and the environment. The main emphasis of this request aims to assist the Lebanese people to develop economically by fostering economic and social development at the municipal level, working upwards to national government institutions. These funds will promote transparency in the public and private sector and help to offset the influence of extremist groups such as Hizballah. In broad terms, the funds will be used to improve the living standards of the Lebanese through economic revitalization and expanded economic opportunities especially for small businesses, the disadvantaged, and trade and investment growth through WTO accession. Funding will also promote programs that strengthen the foundations for good governance by promoting the rule of law and empowering the Lebanese local government (municipalities), the parliament, the oversight agencies, and civil society. Funds will also be used to finance water and wastewater management projects in rural areas including southern Lebanon. Implementation of the water policy program aims to improve water use efficiency and promote private sector participation in the water sector. Also, working with the Litani River Authority to improve management in the Litani River Basin with a focus on water quality – aiming to reduce, prevent and mitigate pollution – will provide solutions to wastewater and solid waste in rural areas through the construction of appropriate and cost effective facilities. ESF funds will also be used to strengthen American Educational Institutions by providing scholarship support and improve the quality of the Lebanese workforce through training and technical education.

The Department of State and USAID are conducting a joint review of the overall strategic direction of the USAID/Lebanon portfolio and its specific programs in order to ensure the programs are complementary of the goals and objectives of the Middle East Partnership Initiative (MEPI).

FY 2007 International Military and Education Training (IMET) funding will reinforce the democratic principle of civilian control of the military as well as reduce sectarianism in one of the country’s major institutions, buttressing progress made in recent years by the Lebanese leadership to develop the Lebanese Armed Forces as a unifying national institution. IMET training will also promote greater military-to-

military engagement with Lebanon in the post-Syrian occupation period. Lebanese attendance in U.S. Professional Military Education (PME) courses helps foster one-to-one relationships with U.S. counterparts that pay invaluable rewards later in the form of interoperability, access, coordination, cultural sensitivity, and mutual understanding. IMET-funded maritime training helps Lebanon in the areas of environmental security, port security and search and rescue operations. IMET-funded maintenance and logistics training will help increase readiness. Lebanon will be eligible to receive grant Excess Defense Articles (EDA) in FY 2007 under section 516 of the Foreign Assistance Act. Much needed spare parts and equipment to maintain military mobility and readiness are supplied via EDA grants.

FY 2007 Foreign Military Funding (FMF) will begin the process of rebuilding and restoring the operational readiness of the Lebanese Armed Forces (LAF) to accomplish U.S. goals as outlined in UNSCRs 1559 and 1614, including the disarmament of all militias in Lebanon and the extension of Lebanese sovereignty throughout the country. The funds will go towards follow-on support and ammunition to sustain U.S.-origin inventory weapons, vehicles, and equipment.

Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds requested for the Humanitarian Demining (HD) Program will continue financing the surveying and marking of the remaining known and suspected mine-affected areas in the country and fund mine clearing operations of LAF engineers. In FY 2007, ESF funds will again support a mine action program focused on landmine awareness campaigns and landmine survivor assistance programs targeted at creating more income-generating opportunities.

**Libya**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	300	-	-

\* For FY 2007, funding (up to \$1 million) will be included as part of the request for the Nonproliferation and Disarmament Fund (NDF) under the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account.

In conjunction with its decision to dismantle its WMD programs, the Government of Libya explicitly requested Western assistance in engaging its previously involved scientists. There are likely 250 key personnel and 1,500 support personnel who will need some degree of help. NDF funding was approved for activities in FY 2004 (\$500,000) and FY 2005/2006 (\$2,000,000), as Libya remains designated as a State Sponsor of Terrorism.

The Department of State is working with the UK, DOE/NNSA, and the Civilian Research and Development Foundation to reorient Libya's nuclear, chemical, and missile experts toward civilian careers that can enhance Libya's economic development. A key strategy is our focus on four Libyan-identified priorities: nuclear medicine, water management, oil/gas technologies and services, and environmental monitoring. We are also pushing rapid integration of the former weapons scientists into existing research and development organizations, and project sustainability through partnership with nonprofit organizations and private sector companies.

In FY 2005, State sponsored workshops in each of the four priority areas; developed a discreet number of collaborative research proposals; and initiated project implementation. In FY 2006 and FY 2007 we will continue to:

- Offer technical and financial support for collaborative research and development that advances Libya's economic objectives, such as helping them establish a Nuclear Medicine Center of Excellence, Desalination Demonstration Center, Oil-Field Produced Water Pilot Treatment Facility, Manufacturing Center of Excellence, and National Environmental Monitoring System;
- Facilitate Libyan scientist participation in select international science and technology conferences, workshops, and symposia;
- Provide training to develop international management and business skills; and
- Upgrade information technology systems to improve communication between Libyan and US/UK scientists.

**Morocco**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	6,000	8,217	5,400
ESF	19,540	10,890	18,000
FMF	15,128	12,375	12,500
IMET	1,920	1,856	1,975
INCLE	2,992	990	1,000
NADR-ATA	1,874	509	895
NADR-CTF	200	200	100
NADR-EXBS	-	65	300
NADR-TIP	-	-	175
Peace Corps	3,401	3,554	3,508

Morocco continues in its position on the front lines in the global war against terrorism and as one of our most reliable and closest allies in the region. The May 16, 2003 terrorist attacks in Casablanca had a galvanizing effect on Morocco, highlighting that poverty and economic development remain a critical challenge and foster discontent, unrest, and terrorism. The U.S. long term assistance strategy was put in place after the 2003 bombings and is designed to help Morocco succeed in its goals of poverty eradication and human development. Funding is critical and will support public promises by high-level U.S. visitors of increasing engagement with Morocco and help to maintain U.S. credibility, critical at a time when King Mohammed VI is providing significant support for the President's reform agenda. The country is a liberalizing, democratizing, and moderate Middle East nation undertaking broad political, social, and economic reforms.

Morocco's multi-year strategic plan recognizes Morocco as critical in advancing the war on terror, influencing regional stability, and advancing the Freedom Agenda. The \$18 million in economic support funds requested for Morocco in FY 2007 is needed to support common policy and programmatic goals and build upon successful efforts begun in FY 2005. Major goals include improving governmental capacity and transparency, fostering economic growth and private sector development, and undertaking educational reforms.

Educational funds focus on increasing opportunities for skills development and employment training in part by improving the capacity of schools to deliver accessible, quality, and relevant education. Activities also assist Morocco in fighting the high rate of illiteracy among women and increase awareness of women's rights under the revised family code. Particular projects recognize that civil society, women's rights, and youth are cross-cutting and crucial aspects of U.S. and Moroccan efforts to undercut extremism.

The U.S.-Morocco bilateral relationship was enhanced with the 2006 implementation of a Free Trade Agreement (FTA) between the United States and Morocco. Economic funds and the FTA aim to improve quality of life and generate opportunities as well as enhance Morocco's capacity to provide basic needs and services. Technical assistance and business development funding seeks to enhance the positive impact and ensure the success of the FTA by supporting legal and regulatory reform, increased access to finance, and implementation of a more rational tax structure. Assistance also focuses on increasing the productivity of the agriculture sector by addressing critical aspects of selected product value chains.

Democracy and governance assistance will focus on improved government responsiveness to its citizenry, including improving the performance of local governments, encouraging transparency, and strengthening parliamentary capacity, especially in its efforts to oversee the national budget. Morocco has remained a key partner in the Forum for the Future meetings, Fund for the Future, and Foundation for the Future, promoting greater freedom, democracy and economic growth in the Middle East region.

International Narcotics and Law Enforcement (INCLE) funds continue to help address the challenges of Morocco's long and porous borders and weak border controls. Illegal migration, smuggling of goods and people, narcotics production and trafficking, and transiting of terrorists have served to undermine the rule of law in Morocco, foster public corruption, and weaken the Moroccan institutions that assist the U.S. in the war against terrorism. Activities include training and technical assistance by U.S. Customs officials, assessing and improving Morocco's automated fingerprint identification system, and providing law enforcement equipment and training. Project goals include the reduction of trans-border criminal activity, increased customs revenue collections, strengthened port security practices, including improved processing of travelers and goods at ports of entry, and the creation of democratic and effective law enforcement institutions that foster trust on the part of citizens.

In addition to economic assistance, the United States provides military assistance to Morocco through the International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs. For the past decade, Morocco has utilized FMF allocations to maintain U.S.-origin equipment, usually acquired from the U.S. as Excess Defense Articles (EDA). As equipment ages, the costs to ensure operational readiness continue to grow. FY 2007 FMF funds will support Moroccan efforts to sustain and maintain this U.S.-origin equipment, and help Morocco meet growing security challenges posed by terrorism by enhancing its capacity to monitor and secure strategic chokepoints. This is increasingly important given Morocco's proximity to mainland Europe. The Straits of Gibraltar have always been plagued by illegal immigration and drug smuggling, but recent events--the 2002 al-Qaeda plot to attack ships in the Strait and the subsequent Casablanca and Madrid bombings--highlight the changing nature of the threat in the immediate area. The May 16, 2003 bombings also make clear the fact that Morocco must do more to deal with terrorist threat. Morocco is eligible in FY 2007 to receive EDA under section 516 of the Foreign Assistance Act. These transfers help to sustain and promote interoperability with U.S. and NATO forces.

The FY 2007 IMET request will support ongoing programs that send over 70 students each year to Professional Military Education (PME) courses at U.S. service schools. Through training and relationships developed with U.S. counterparts, the IMET program increases awareness of human rights norms, fosters respect for the principle of civilian control of the military and the rule of law, provides military leaders with skills to maintain U.S. equipment, and helps foster one-to-one professional relationships that improve interoperability and mutual understanding, as well as provide U.S. access to the highest levels of the Moroccan armed forces.

In FY 2007, Development Assistance (DA) will support an increase in agricultural sector productivity. Policy reform activities will continue to focus on domestic market issues, border protection, and subsidies. However, increased emphasis will be placed on the cereals market reform as a complement to the policy work related to the development of alternative products, such as olive oil, medicinal and aromatic plants, sheep and goats. Pilot activities (technical assistance, training, demonstrations) in support of these products will continue in each of the three target regions. DA funds will also go towards improving the access to quality basic education. This program will be well engaged in the implementation of school projects and the use of training materials to improve the relevance of middle school education and to equip students with adaptable and portable skills. Computer labs are expected to be fully integrated in middle school operations. Principals will have received training to improve the performance of their schools and management councils and to be better aware of community expectations. Materials for the women's

literacy program will have been validated for potential use at the national level. In FY 2007, DA funds will also be used to support vocational and technical training aimed at improving the quality of the Moroccan workforce. Programs will target training strategies for agriculture, tourism and IT sectors. The program will also have the first graduates, who will be tracked for employability, including self-employment as a result of entrepreneurship training. We expect to have alliances in place with the economic sector in support of vocational training.

Nonproliferation, Anti-terrorism, Demining and Related (NADR) programs in Morocco continue to make great strides. In FY 2007, NADR/Anti-terrorism Assistance (ATA) is requested for newly developed advanced courses and continued training designed to sustain Morocco's counterterrorism training capabilities. In addition, ATA will continue to promote multilateral cooperation by conducting regional training courses. NADR/Counterterrorism Financing (CTF) will be used to implement anti-money laundering and counterterrorism financing training courses for Moroccan prosecutors.

In FY 2007, NADR/Terrorism Interdiction Program (TIP) assistance is requested to implement new program operations and equipment that Morocco will use in support of the ongoing Global War on Terrorism. NADR/Export Control and Related Border Security (EXBS) assistance in FY 2007 will support multilateral regional training opportunities to strengthen institutions and policies relevant to strategic trade control laws, and enhance enforcement capabilities, including by equipping relevant enforcement agencies.

**Oman**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	19,840	13,860	14,000
IMET	1,141	1,089	1,135
NADR-ATA	254	1,300	1,045
NADR-EXBS	400	300	325

Oman occupies a strategic location on the Arabian Peninsula and on the southern shore of the Strait of Hormuz. As the Strait forms a key naval chokepoint for a very large percentage of the world's oil and gas shipments, the Oman-U.S. relationship is critical to U.S. defense interests, not only in the Persian Gulf region, but also globally. Since concluding a bilateral agreement with Oman in 1980, the United States has had access to Omani military bases. This has proven invaluable for U.S. combat support and readiness in the Gulf. Oman was a stalwart supporter of the U.S.-led Operation Enduring Freedom (OEF), providing critical support in a wide variety of areas. Oman has also been an active, long-time supporter of U.S. political and military initiatives vis-à-vis Iraq. The United States has a critical interest in ensuring that Oman continues to participate in efforts to promote regional stability, as well as in retaining access to key Omani military facilities. Continued access and assistance will be vital to the success of any future operations in Southwest Asia.

FY 2007 Foreign Military Financing (FMF) funds will continue to enhance Oman's capability to monitor its land, sea, and air borders, including the vital Strait of Hormuz, and improve their interoperability with U.S. forces. This capability directly supports the war on terrorism, complements expanding maritime interdiction operations, and helps ensure that the deployment route to the Gulf remains unobstructed. These funds also tangibly demonstrate U.S. support for a moderate Gulf ally that will remain indispensable with regard to future contingencies in the region. FY 2007 FMF funding will support aircraft munitions; C4I equipment and acquisition upgrades; fast coastal patrol boats; upgrades to Royal Navy of Oman (RNO) coastal surveillance system; individual soldier equipment, such as rifles and night vision goggles; communications equipment; and demining equipment, engineering equipment, field medical equipment.

The International Military Education and Training (IMET) program also serves to enhance our military relationship with Oman. FY 2007 IMET funds will support training covering a broad range of areas to include Professional Military Education (PME), English language, technical and logistics training, medical corps development, demining efforts and maritime operations. IMET-funded training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes professionalism and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. Omani officer and non-commissioned officer attendance at technical training and PME courses help foster one-to-one relationships that pay invaluable rewards in the form of access, operational coordination and mutual, professional understanding. Maintenance, logistics and specialist training will also serve to enhance the Sultanate of Oman's military's value as a training and coalition partner. Oman is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Oman will use the EDA to improve its ability to monitor its borders, particularly near the vital Strait of Hormuz, and to improve interoperability with U.S. forces.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to provide Non-Proliferation, Anti-



Terrorism, Demining and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance to a cooperative program to help establish an effective export controls in Oman. FY 2007 NADR/EXBS funding is focused on improving legal/regulatory, enforcement and licensing procedures and capabilities. NADR/Anti-terrorism Assistance (ATA) is requested in FY 2007 to support continued training focused on newly developed, advanced courses, designed to sustain Oman's counterterrorism training capabilities. In addition, ATA funding will continue to promote multilateral cooperation by conducting regional training courses.

**Qatar**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-ATA	1,379	1,274	1,493
NADR-CTF	-	300	-

Qatar has been an important economic and military ally to the U.S. and remains critical to the success of U.S. objectives in the region. Qatari support for both Operation Iraqi Freedom and Operation Enduring Freedom in Afghanistan has been vital.

Nonproliferation, Anti-terrorism, Deming and Related Programs – Anti-terrorism Assistance (NADR-ATA) for Qatar will support the development of new training courses as well as build upon current projects. Over 500 participants have received NADR-ATA training since the Qatar program began in FY 1987 at a total cost of over \$3.3 million through FY 2006. The Qatar police force is extremely proficient; their SWAT team is probably the best in the Gulf and in FY 2007 training will be offered at the advanced level. Currently Port and Harbor protection is the most critical area in need of assistance. A complete country Program Review is planned in FY 2006 to identify other areas in need of assistance.

NADR-ATA funds in FY 2007 will support training programs on countering Cyber-terrorism; hostage negotiation; integration of counterterrorism strategies between the national and local level; K-9 counterterrorism use; maritime interdiction methods; and mass casualty planning strategies.

## Saudi Arabia

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	24	20
NADR-ATA	760	-	400
NADR-CTF	200	100	-

Saudi Arabia has been an important ally in providing political and financial support for Operation Iraqi Freedom and the broader reconstruction efforts taking place in Iraq. Over the past decade, Saudi Arabia has also provided operational support for Operation Southern Watch and related programs and since 9/11 has been instrumental in providing regional political and logistical support for the Global War on Terror. Continued military-to-military contacts will encourage the development of a professional military command and armed forces. This will permit a greater level of transparency and cooperation, and allow the Kingdom to assume a greater role in its own self-defense, thereby assisting the United States in achieving its policy goals in the region.

The relatively modest amount of International Military Education and Training (IMET) funds requested in FY 2007 will permit the Saudi government to purchase military training in the United States at considerably lower cost than is charged countries that are not eligible for IMET. The Saudi military has sought less expensive -- and less effective -- training from other countries. These steps have led to diminished experience with U.S. personnel, equipment, training and doctrine, which in turn results in decreased interoperability between U.S. and Saudi armed forces, as well as, reduced influence and defense cooperation. Providing IMET to Saudi Arabia ensures a continued high level of Saudi attendance at U.S. military training institutions. Such attendance provides the skills necessary for Saudi officers to maintain a sophisticated level of military expertise geared towards interoperability with U.S. forces; it also permits continued maintenance of the extensive inventory of sophisticated U.S. origin military systems. Greater exposure to training in the United States will help Saudi military personnel better understand U.S. values, ideas, and policies. The program also increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military, and the rule of law.

**Tunisia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	10,407	8,415	8,500
IMET	1,860	1,856	1,975
NADR-ATA	-	1,183	525
NADR-EXBS	-	60	80
NADR-TIP	-	-	150

Tunisia is a strong U.S. ally in the Arab world. It is a leader in women's rights, the economy, and education. Tunisia has consistently supported the United States on a wide variety of issues, and is a valuable partner in the global war on terrorism.

FY 2007 Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds will encourage continued Tunisian support for U.S. Middle East policies. The Tunisian Armed Forces have worked very closely with U.S. forces to achieve a level of skill and operational readiness, enhancing Tunisia's effectiveness as a counterterrorism partner. FMF funding will help Tunisia to enhance and modernize its military counterterrorism program by providing individual monitoring equipment (night vision capabilities) and modern communication and surveillance systems, in addition to assisting with mobility and systemic maintenance and logistical shortfalls. These shortfalls are readily apparent, especially in the aviation field, which are affecting the military's operational capability to monitor and secure Tunisia's porous land and maritime borders. Tunisia is threatened by terrorism and Tunisia's ability to monitor its borders effectively has grown in importance. FMF funding will help the Tunisian military enhance its capabilities to apprehend and defeat indigenous and transnational terrorist elements and combat trafficking by increasing border monitoring using a combination of air support assets, maritime patrol and tactical ground surveillance and response capabilities, furthering Tunisia's value as an ally in the global war on terrorism.

Seventy percent of the Tunisian military's equipment is U.S. origin, but it is aging and cannot be maintained within Tunisia's current defense budgets. In particular, helicopter, transport and light ground tactical vehicle assets must be replaced as they can no longer be supported by U.S. government supply stocks and are becoming obsolete. The Tunisian government wishes to transform its military to one that responds rapidly to terrorism as well as to one that is able to project peacekeepers when the UN or African Union requires. Tunisia currently maintains a significant portion of its peacekeepers in the Congo and in the past has sent peacekeepers to Haiti, Cambodia, Somalia, Kosovo, and Bosnia. Thus, FY 2007 FMF will assist in this ongoing effort by supporting the sustainment and maintenance requirements of critical aviation and maritime assets, tactical support, surveillance and communications equipment, as well as counterterrorism training and interdiction capabilities. Tunisia will continue to be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA). Transfer of EDA will assist Tunisia in modernizing its armed forces.

The FY 2007 IMET program will continue to fund U.S. military technical training and professional military education for Tunisian non-commissioned and commissioned officers. IMET funds have been used to enhance Tunisian officers' English language skills and increase their familiarity with U.S. military practices and U.S. foreign policy, including legal and international/maritime law training. This training promotes the U.S. goals of regional stability and democracy by reinforcing the democratic principle of civilian control of the military and by increasing exposure of Tunisian military officers to U.S. standards and values. IMET-

funded maintenance, logistics and specialist training provide soldiers, sailors, and airmen with the skills needed to maintain Tunisia's stocks of U.S. equipment, and enhance Tunisia's value as a regional ally.

Through the former U.S.-North African Economic Partnership, the United States supported Tunisian efforts to open up the economy to privatization. These efforts continue through the Middle East Partnership Initiative (MEPI), while shifting the focus toward programs supporting political reform and promoting civil society. The Department of State has opened a MEPI program office in Tunisia, one of two in the region.

Nonproliferation, Anti-terrorism, Demining, and Related (NADR) Programs in Tunisia continue to make great strides. In FY 2007, NADR/Anti-terrorism Assistance (ATA) is requested for newly developed, advanced courses and continued training designed to sustain Tunisia's counterterrorism training capabilities. In addition, ATA will continue to promote multilateral cooperation by conducting regional training courses. NADR/Terrorist Interdiction Program (TIP) funds are requested to launch program operations and provide necessary equipment. NADR/Export Control and Related Border Security (EXBS) assistance is aimed at establishing an export control system that meets international standards. FY 2007 funding will be focused on legal and regulatory training to control the movement of strategic items.

## United Arab Emirates

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
NADR-ATA	284	810	1,105
NADR-CTF	-	300	-
NADR-EXBS	250	-	230

The UAE is the tourism, financial, transportation, trans-shipment, and trade center of the Gulf region, and 20,000 American citizens live and work there as a result. Thanks to careful management of its oil wealth and the free trade and open market policies promulgated by its leadership, the United Arab Emirates (UAE) is an important regional actor in the Persian Gulf. U.S. relations with the UAE have developed significantly since the 1991 Gulf War, and have only become stronger and more broad-based in the aftermath of 9/11 and the advent of the Global War on Terror. The UAE is open to continued strong relations with the United States and considers its fundamental interests and values compatible with U.S. goals. Relatively modest U.S. technical assistance to the UAE will be critical in helping its federal and emirate authorities to focus their tracking of possible shipments of components of weapons of mass destruction and related materials through UAE ports and airports.

As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) program funds for a cooperative program in the United Arab Emirates. FY 2007 NADR/EXBS funding is focused on improving enforcement, and licensing procedures and capabilities. In FY 2007, NADR/Anti-terrorism Assistance (ATA) is requested for newly developed, advanced courses and continued training designed to sustain the UAE's counterterrorism training capabilities. In addition, ATA will continue to promote multilateral cooperation by conducting regional training courses.

The Department of State opened a regional Middle East Partnership Initiative (MEPI) office in Abu Dhabi in August 2004. MEPI funds may be made available to provide technical assistance to support international labor, intellectual property rights, agriculture, and customs standards in adherence with MEPI's goal of encouraging free trade in the region.

## West Bank/Gaza

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	74,400	148,500	150,000
ESF-SUP	150,000	-	-
P.L. 480 Title II	5,991	-	-

Note: The FY 2005 supplemental level excludes \$50M for Israel to ease the movement of Palestinian people and goods into Israel.

The past few months have seen significant events with respect to the West Bank and Gaza and Palestinian-Israeli negotiations. These have included Israel's disengagement from Gaza and four northern West Bank settlements and the recent agreement for the Palestinian Authority (PA) to control the Egypt/Gaza Rafah border crossing. In the post-disengagement political and security environment, USG assistance has allowed the PA to focus on crucial issues of governance, development, institution-building, and reform.

U.S. assistance to the West Bank and Gaza has contributed directly to a core U.S. foreign policy goal: advancing the Roadmap for Peace in the Middle East and the President's vision of two democratic states living side-by-side in peace and security. Following Palestinian Authority (PA) Presidential elections and Israel's disengagement from Gaza and parts of the northern West Bank, USG assistance focused on continuing to build institutions that would provide the foundation for a democratic Palestinian government committed to peace. By supporting good governance and institution building, responding to humanitarian needs, helping the private sector, and developing infrastructure we promote stability and encourage reform-minded Palestinian leadership.

On January 25, 2006, the Palestinian people voted for the Palestinian Legislative Council (PLC) in an electoral process that was free, fair and secure. A new government has yet to be formed. The situation is in flux and at this time we cannot predict the political outlook through to 2007.

The Administration is currently reviewing all assistance programs to the West Bank and Gaza through an interagency process, taking into account our interest in providing for the humanitarian well-being of the Palestinian people. We will ensure that our assistance program continues to reflect U.S. policy objectives, and is fully compliant with U.S. law. Significant redirection is anticipated as a result of this review and the Administration will advise and consult with Congress on the outcome upon completion.

**Yemen**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	14,880	7,920	12,000
FMF	9,910	8,415	8,500
IMET	1,089	1,089	1,085
NADR-ATA	1,823	550	1,596
NADR-EXBS	525	200	255
NADR-HD	750	700	500
NADR-SALW	-	800	1,000
NADR-TIP	100	-	400

Yemen continues to be an essential U.S. partner in the global war on terrorism. While the U.S. and Yemen have made great progress in uprooting the al-Qaida presence in the country, Yemen requires continued U.S. material support to be successful in its ongoing counterterrorism efforts. The Republic of Yemen Government (ROYG) has undertaken significant strides toward opening its multi-party political system to full public participation, including women. Yemen is evolving into a multi-party democracy and is slowly taking necessary steps to move its economy away from oil dependence. U.S. assistance to Yemen is critical to ensure that these policies continue on track and serve as an example to other countries in the region.

Yemen is one of the world's poorest countries, and its pressing economic and development needs are a complicating factor in its struggle to root out terrorist elements. USG assistance will focus on high and fast impact services in health, basic education, agriculture and democratic reform. Assistance will be targeted to poor and remote governorates where the USG and the ROYG are seeking the support of the Yemeni tribes in the war on terrorism.

ESF will promote democratic development in Yemen by supporting activities to strengthen Parliament, train party officials and local councils, improve electoral participation and processes, support conflict resolution, and strengthen the capacity of NGOs and community based organizations in Yemen. Finally, in democracy and governance, USAID works in close cooperation with the U.S. Middle East Partnership Initiative (MEPI) to strengthen the capacity of representative institutions, including Parliament and local councils. USAID will continue support for strengthening Parliament with an emphasis on improving governance through legislative reform. Assistance to combat corruption will focus on strengthening the judiciary's independence and ability to prosecute misuse of public funds. This program will also provide technical assistance for monitoring the upcoming elections and the development of civil society, rule of law, press freedom and conflict mitigation.

In the health sector, USAID will provide technical assistance, immunizations, training, and medical equipment; renovate hospitals and clinics; construct new health centers; and foster community mobilization. In order to improve child and maternal health in Yemen, 700 health workers will be trained, 81 health facilities renovated, and three mobile health units provided. In education, U.S. assistance will fund the renovation of 120 school in 2005 and 100 in 2006, as well as providing teacher training for 1,000 teachers in 2005 and 1,500 in 2006. USAID is committed to supporting the ROYG's efforts to improve basic education, especially for women and girls, by providing enhanced access to quality primary education. The economic growth program focuses on expanding sustainable production of rural economic products for the market and home consumption, expanding markets for agricultural crops and livestock, and improving the framework or economic growth.



The Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds requested in the FY 2007 budget will continue to directly support U.S. counterterrorism goals through the ongoing improvement of Yemen's ability to act against terrorist elements both unilaterally and in cooperation with the U.S. Building on the foundation of previously furnished U.S. equipment and U.S. training and bolstered by recent counterterrorism operational successes, the ROYG conventional military and special forces are steadily moving towards becoming an important ally in the Global War on Terror.

The FY 2007 FMF request supports the on-going three-pronged security assistance program that focuses on developing Yemeni Counter-Terrorism Unit and Special Operations Forces capabilities, building a viable Coast Guard, and improving military capacity to conduct security missions. This approach is designed to improve the capability of Yemen's counterterrorism forces to uproot the al-Qaida presence in Yemen, safeguard its borders and territorial waters, and assist the U.S. in fighting the Global War on Terror. Yemen is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Yemen will be used to continue development of a coast guard and military forces.

FY 2007 FMF funds will go towards equipping and training the newly established Yemeni Counter-Terrorism Unit that will support the effort to ensure al-Qaida cannot reconstitute itself in Yemen. Funds will also support training and equipment for the Yemeni Special Operations Force, which also handles counter-terrorism and border security. Funds will also support the continued development of the Yemeni Coast Guard through support for commercial patrol boats; communications equipment for the Coast Guard facilities; equipment and refurbishment of the pier and docking facilities; and maritime interdiction training. FY 2007 FMF may be used to provide repair parts for the maintenance Yemeni Air Force, F-5 and C-130 aircraft, and upgraded communications, as well as to support the Yemen Navy for professional training and enhanced. Finally, FY 2007 FMF will support the ongoing design, development, and facilitation of a National Counter Terrorist Coordination Center, whose express mission will be to coordinate all counter terrorist operations and enhance communication between the armed forces.

FY 2007 IMET will continue to fund U.S. military training and the professional and technical education of Yemeni military personnel as the military force strives to adapt Western practices and doctrine, thereby increasing their versatility and utility as a coalition member. The IMET program will help military leaders in Yemen understand U.S. practices, increase awareness of international norms of human rights and foster greater respect for the principle of civilian control of the military.

Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funded activities in Yemen are progressing at an excellent rate. In addition to supporting an on-going demining effort through NADR/Humanitarian Demining (HD) assistance, NADR funding supports export control and related border security assistance (EXBS) efforts and small arms and light weapons programs (SALW). As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to increase NADR/EXBS funds to a cooperative program to help establish fully effective export controls in Yemen. FY 2007 NADR funding will focus on improving enforcement and licensing procedures and capabilities. NADR/Anti-terrorism Assistance (ATA) is requested for newly developed advanced courses and continued training designed to sustain Yemen's counterterrorism training capabilities. NADR/Terrorism Interdiction Program (TIP) assistance is requested to implement new and increased program operations and provide equipment that Yemen will use in support of the ongoing Global War on Terrorism.

## Middle East Multilaterals

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	1,984	990	1,000

After the 1991 Madrid Peace Conference (at which the bilateral track of the peace process was initiated), the U.S. constituted the multilateral track of the peace process with the establishment of five working groups: Arms Control and Regional Security, Environment, Regional Economic Development, Refugees, and Water Resources. The Middle East Multilaterals ESF program was initiated in 1995 to support the work of the multilateral track. The objectives of the program are to promote cooperation among Israelis and Arabs and to bring to bear the expertise and resources of the international community to support concrete cooperative projects. Through these projects, Israeli and Arab participants have developed strong, sustained working relationships, while working on issues of common interest and critical importance to the region. This work has helped to promote Israeli-Arab reconciliation, regional stability, and prosperity in the Middle East. The United States is able to leverage its support for the multilaterals by getting other international donors (EU, Canada, France, Germany, The Netherlands, Japan, South Korea, among others) to also support this work. As the United States works with the parties in the region and others to encourage them to take steps to end the violence, restore confidence and resume negotiations, continued U.S. support for multilateral activities is essential to help build an atmosphere of trust and cooperation in the region.

In FY 2007, funds will be used to continue support for multilateral projects already underway and initiate new projects as agreed to by the regional parties. In the areas of water and the environment, two critical fields in which regional parties must work together, U.S. sponsored projects will continue to focus on cooperative activities that support and complement the parties' bilateral contacts. These projects are focused largely on Israel, Jordan, and the Palestinians, with additional participation in a few projects by Egypt, Tunisia, Morocco, and Oman. FY 2007 funding also will be directed to new and ongoing initiatives in areas such as water data banks, public awareness and water conservation, water information networks, desalination, watershed monitoring, irrigation management systems, and dryland management. FY 2007 funds may also be used, as resources allow, to support Arms Control and Regional Security (ACRS) Working Group Track II workshops and seminars that focus on issues such as regional security and economic development. Other activities not directly linked to the multilateral working groups that promote Arab-Israeli ties may also be funded, such as: the Middle East Cancer Consortium; a regional seismology working group; non-governmental organizations espousing tolerance and coexistence; and groups promoting economic partnerships.

One clear measure of success of the Multilaterals program is that despite the five plus years of Intifada and the concomitant political stalemate in the region, the regional parties (especially Israel, Jordan, and the Palestinians) have remained strongly committed to the multilateral activities. The Middle East Regional Cooperation (MERC) program (another ESF program), which is a competitive grants program for Israeli-Arab cooperation, is complementary to the Multilaterals program.

## Middle East Partnership Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	74,400	99,000	120,000

A new generation of activists across the Middle East and North Africa is working bravely to bring about democratic transformation in their countries. They have demonstrated their courage in elections in the Palestinian territories, Iraq, Lebanon, and Egypt. Freedom in the Middle East increased more this year than in any of the last thirty years, according to Freedom House’s “Freedom in the World Survey.” The region is responding to the tide of freedom and the United States must continue to support these efforts. Almost two years ago, at the G-8 Summit in Sea Island, the world’s leading industrial nations pledged to support courageous men and women across the Broader Middle East and North Africa (BMENA) who are demanding democratic rights, economic freedom, and educational opportunity. The G-8, under U.S. leadership, developed a partnership with the governments of the BMENA and members of civil society and created the Forum for the Future. Through the Forum, the entire world has witnessed a marked expansion of liberty in the Broader Middle East.

The \$120 million ESF request for the Middle East Partnership Initiative (MEPI) will ensure meaningful U.S. support and commitment for the continuing regional transformation process in four strategic priority areas: 1) aligning programs across all MEPI pillars to support specific democratic priorities in each country; 2) deploying rapid response democracy assistance to respond to changing needs and dynamics within specific countries; 3) launching and establishing critical new empowerment initiatives such as the Foundation for the Future and Fund for the Future; and 4) fulfilling the President’s commitments to the G-8 BMENA Initiatives.

Since MEPI began, the Department of State has worked successfully with USAID to review and realign the U.S. bilateral economic support fund programs with the goals and objectives of the Freedom Agenda, and it has used MEPI programs to ensure seamless program support and the implementation of our democracy policy across the region. The Department continually reexamines reform needs in the region and will use MEPI FY 2007 funding to support innovative reform programs tailored to the unique situations and our democracy priorities in each country. This request will ensure that MEPI can capitalize on new opportunities, consolidate and reinforce gains, develop new openings, and coordinate longer term development activities. MEPI will work with regional partners and indigenous institutions in each area – political, economic, education reform and women’s empowerment – to directly support the growth of free and democratic societies in the Middle East and North Africa.

This past year MEPI funding allowed the U.S. to respond quickly to opportunities to expand democracy in Egypt, Kuwait, Lebanon, and West Bank/Gaza. In FY 2007, we need to continue providing assistance for critical elections. Parliamentary elections are scheduled in Algeria, Jordan, Kuwait, Morocco, Oman, and Qatar and municipal elections are scheduled in Egypt, Jordan and Morocco. Presidential elections will take place in Yemen. MEPI will support and train political parties and candidates; train election monitors; and assist local NGOs with voter and civic education and get-out-the-vote campaigns. MEPI will provide technical assistance to governments committed to free, fair and competitive elections. MEPI also will focus on other critical democratic reform areas across the region, including media, civil society development, rule of law, women’s empowerment, private-sector-led economic growth, and enhancement of education systems.

*Democratic Change:* MEPI’s political pillar will focus on promoting democratic institutions, civil society development, media reform, the rule of law, and free, fair and competitive elections. MEPI will deploy

“rapid response” teams and programs that respond to country-specific opportunities. MEPI will use legislative authorities to develop robust democracy and rule-of-law programs in Iran and Syria. MEPI will support the launch and establishment of a Foundation for the Future, a multi-lateral, non-government organization focused on providing funding opportunities to indigenous civil society organizations to have a greater voice in the democratic process. Through the political pillar, MEPI also will continue to work with our international partners to support viable, on-going G-8 BMENA democracy initiatives, including the Democracy Assistance and Civil Society Dialogues.

*Economic Growth:* In FY 2007, MEPI’s economic pillar programming will focus on important connections between economic reforms and democracy promotion. Programs will combine trade initiatives that encourage governments to change their policies, with assistance to civil society and the business communities to meet those policy changes with bottom-up demands for further reforms. MEPI economic programming will be focused on a country-by-country basis and be linked to the democracy priorities the U.S. is attempting to achieve. MEPI programming strives to build and balance the relationship between government, business organizations, civil society, and market institutions and promote the development of the laws and institutions necessary for open market-oriented economies and job growth. Through the economic pillar, MEPI will support the launch and development of the Fund for the Future, an entity that supports the growth of a strong middle class by investing in profit-making small- and medium-sized enterprises (SMEs). The Fund will specifically provide equity and management help to companies of a size smaller than those generally targeted by other funds. MEPI also will continue to support the viable G-8 BMENA economic reform initiatives, including the Entrepreneurship Centers.

*Education Enhancement:* A quality education is a critical building block to establishing freedom and democracy in the Middle East and North Africa. As a result, MEPI’s education pillar will focus on two key areas. First, MEPI will attempt to influence the quality of education through improved curriculum content and delivery. Second, MEPI will focus on strengthening democratic values in both formal and non-formal education environments by promoting civic engagement and responsibility. Programming will focus on helping to ensure students exhibit respect for diversity and are capable of independent thought and critical thinking when making decisions that will shape their future. Several countries in the region have begun such efforts, though the pace varies greatly. As a result, the MEPI education pillar will create diverse approaches that best fit each context.

*Women’s Empowerment:* In FY 2007, MEPI will bolster significantly its women’s empowerment programming to build an innovative program across the region aimed at empowering women through societal change and democracy building. As a result, MEPI’s women’s pillar will focus on three key areas: women’s rights and role within the legal system; women’s role within the political process, and women’s economic empowerment. Specifically, MEPI will work with non-governmental organizations and grassroots reform groups to support the elimination of arbitrary legal systems and to provide women with the skills and tools required to ensure women’s full participation in building democratic and pluralistic societies.

Reform and progress towards democracy in the Middle East and North Africa are of strategic, long-term importance to the national security interests of the United States. By promoting democratic change and freedom throughout the region, MEPI is a critical element in efforts to combat extremism and to create new opportunities for the people of the region. MEPI also complements successes in other areas, in particular the reconstruction of Iraq and progress toward Arab–Israeli Peace. MEPI allows the U.S. to implement successfully the Freedom Agenda by providing resources that link bilateral policy and targeted programming to indigenous efforts to expand democracy and freedom.

## Middle East Regional Cooperation

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	4,960	3,960	5,000

Congress initiated the Middle East Regional Cooperation (MERC) Program in 1979 after the Israel-Egypt Camp David Accords. The program fosters mutually beneficial technical cooperation between experts from Israel and its Arab neighbors. While initially limited to Israeli-Egyptian cooperation, since the 1991 Madrid Conference, the program has expanded to include participation by experts from Morocco, Jordan, Tunisia, Lebanon, and the Palestinians. MERC-supported projects promote and strengthen Israeli-Arab ties by demonstrating that peaceful cooperation can yield tangible benefits for all involved. The MERC Program complements the work being done in the Middle East Multilaterals Program by broadening the base of cooperation among Israelis and Arabs to include more academic and non-governmental organization (NGO) experts. Unlike the Multilaterals Program, which is directed primarily toward participating governments as part of the multilateral peace process, MERC encompasses a wider variety of groups and organizations outside of the formal multilateral setting. MERC is a highly competitive program that provides grants based on unsolicited research project proposals from diverse groups, including universities, NGO's, and government laboratories. Continued strong U.S. support for MERC is important to help ensure that Israeli-Arab cooperation is as broadly based as possible.

Despite the conflict in the region, the number of joint Arab-Israeli projects funded by MERC has continued to increase. In 2005, a record 36 MERC projects were active, a number that is more than triple the figures from the late 1990s. The majority of current MERC projects do not depend upon the inclusion of a U.S. partner. Interest in the program is also growing, and nearly 100 applications have been received so far in the current annual review cycle. MERC projects also reported significant development contributions in 2005 resulting from scientific achievements in a wide variety of fields. For example, a Palestinian-Israeli project studying epidermolysis bullosa (EB), a debilitating inherited skin disease, discovered that EB is genetically different in Mideast populations than in Western ones where all prior research was conducted. This should allow better detection and interventions that can increase life expectancy and quality for EB patients. Another MERC project identified a primary route through which mango malformation disease, which can devastate fruit yields, is spread to new seedlings. The scientists developed cost-effective methods to reduce disease transmission, and they produced and distributed 3,000 pamphlets to Egyptian farmers with simple guidelines to significantly reduce the spread of infection. As a result of two MERC projects evaluating substance abuse in Gaza, Israel, and Egypt, the Addiction Severity Index (ASI) developed by the Israeli scientist has been translated into Arabic and English and is now becoming an established tool in the participating countries, and other countries such as Morocco are starting to use it as well.

The FY 2007 ESF request will be used to fund projects designed to provide practical benefits to both Israelis and Arabs. MERC projects have included and will continue to include a wide range of important fields with the goal of increasing economic development, protecting the environment, and improving health conditions. Agriculture projects will continue to focus on increasing productivity of livestock and crops, while health projects will address issues such as emerging infectious diseases and other health threats on the increase in the Middle East. Given the importance of water in the Middle East, with its scarcity in particular having serious economic and environmental impacts in the region, MERC will continue to support projects addressing key water issues such as effective water management, wastewater treatment, and desertification prevention.

## Multinational Force and Observers

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
PKO	19,956	19,000	21,000

The Multinational Force and Observers (MFO), an independent civil/military international organization, is a critical component of the Egyptian-Israeli Peace Treaty, which in turn is a fundamental element of regional stability. The MFO monitors treaty compliance and provides an effective liaison system between the Israeli and Egyptian defense forces. Attaining a comprehensive peace between Israel and all of its neighbors is a fundamental U.S. goal and critical to protecting U.S. security interests in the Middle East. The Egyptian-Israeli Peace Treaty and its security arrangements, monitored by the MFO, are cornerstones of U.S. efforts to attain such a peace.

The United States has a firm political commitment to provide one-third of the annual MFO operating budget, with the other two-thirds provided by Israel and Egypt. FY 2007 PKO funds will be used to fulfill that U.S. pledge by financing MFO operating expenses. Subject to Congressional authorization and appropriations, the United States is committed to support the MFO's mission until the parties to the agreement that created the MFO mutually agree that the MFO is no longer necessary. The MFO's long-standing effectiveness is demonstrated by the continued compliance with the treaty and the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system. In FY 2007, PKO funds will provide for enhanced force protection of MFO personnel and allow the MFO to meet possible expanded requirements related to the Gaza disengagement and previously planned aircraft upgrades.

## SOUTH AND CENTRAL ASIA

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## Afghanistan

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	38,000	41,449	42,800
DA	164,000	148,500	150,000
ESF	223,200	425,700	610,000
ESF-SUP	1,086,600	-	-
FMF	396,800	-	-
IMET	945	792	1,185
INCLE	89,280	232,650	297,390
INCLE-SUP	620,000	-	-
NADR-ATA	6,064	12,073	6,050
NADR-ATA-SUP	17,100	-	-
NADR-CTF	1,170	700	400
NADR-EXBS	350	400	500
NADR-HD	13,700	13,500	13,700
NADR-SALW	3,000	1,000	1,500
NADR-TIP	100	500	400
P.L. 480 Title II	56,950	2,093	-
PKO	15,500	-	-

Ensuring that Afghanistan continues on its path toward becoming a stable, democratic state will remain a top U.S. national security priority in FY 2007, a fact underlined in May 2005 with the signing of a Strategic Partnership between the two countries. Afghanistan's ongoing development is critical to both regional stability and to success in the global war on terrorism. With successful and transparent parliamentary elections now finished, the Bonn process is now complete and we must continue efforts to develop the newly elected government's capacity to pursue democratic and economic development. U.S. assistance, in coordination with the Afghan Government and international partners, will continue to focus on three interlocking objectives: improved security, development of democratic governance, and reconstruction. In FY 2007, U.S. assistance will sustain and build on FY 2006 assistance by: expanding security through increased military and police training, judicial sector reform, and a robust counter-narcotics strategy; establishing broad-based and accountable governance through new democratic institutions and an active civil society; delivering a peace dividend for ordinary Afghans through economic reconstruction, including construction of roads and power generation projects; and providing humanitarian assistance for returning refugees and displaced persons as needed.

Establishing security is a prerequisite for reconstruction and stability in Afghanistan. The United States led the international effort to train and equip the Afghan National Army (ANA), which is crucial to both long-term Afghan security and U.S. counter-terror efforts. The United States has already fielded approximately 26,500 ANA troops. The Afghan defense establishment is projected to eventually reach up to 70,000 military and civilian personnel. We anticipate training at least 33,000 personnel by the end of calendar year 2006.

The ANA Central Corps is fully formed and is one of five established Regional Corps headquarters in Kabul (Central Corps), Gardez, Herat, Kandahar, and Mazar-i-Sharif. In FY 2007, security assistance to

the ANA will be channeled through the Afghan Security Forces Fund (ASFF), a Department of Defense account.

The International Military Education and Training (IMET) program is an integral part of the long-term Afghan National Army (ANA) training program and will complement ongoing training efforts. In FY 2007, \$1.185 million in IMET will continue to fund courses that help instill the nascent ANA's personnel with basic democratic values and internationally recognized human rights views. The program has provided English language laboratories and has established a solid English language program in Afghanistan. Additional funding is necessary to train the growing ANA and advance the long-term development of a sustainable ANA. FY 2007 IMET funding will support training at U.S. Army career courses in the areas of Armor, Artillery, Infantry, and Logistics), logistics and maintenance training for junior members of the Afghan Air Element Forces, and in-country English language training, including train-the-trainer courses; training for senior leadership at U.S. service staff colleges and in strategic courses, including E-IMET for Ministry of Defense civilian leaders; and training to develop skills needed by the military to support combat forces and enhance interoperability, such as air traffic control, communications, legal, medical, engineering, and border patrol skills.

Afghanistan will be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act to further the goals of the Afghan Security Forces train and equip program in fielding a modern army capable of supporting Operation Enduring Freedom, securing the borders of Afghanistan, and assisting the United States as a partner in the global war on terrorism.

FY 2007 INCLE funds will contribute to the establishment of the rule of law in Afghanistan and to promote international due process and human rights standards. An institutionalized and legitimate justice system, staffed with trustworthy and skilled professionals, providing equitable enforcement and fair and efficient adjudication of constitutionally adopted laws, is critical to the overall reconstruction of Afghanistan. In particular, improving the rule of law and legal awareness will directly support police and counter-narcotics efforts. With a focus on criminal justice and in close coordination with the Government of Afghanistan and other international actors, FY 2007 INCLE funds will establish or continue FY 2005 and FY 2006 programs in the following areas:

- **Institutional Development:** Contribute to institutional development through post-conflict legal reform advisors to Afghan justice institutions including the Ministry of Justice and Interior and the Attorney General's Office to provide criminal justice reform expertise and to improve coordination between them. Provide mentoring assistance and infrastructure and equipment support to Kabul and provincial criminal justice systems.
- **Legal Education and Training:** Provide coordinated training for justice and law enforcement personnel to ensure fair and transparent investigation, prosecution and punishment of crimes; support general and specialized training for judges, prosecutors, investigators, and defense attorneys on issues such as corruption, trafficking, counternarcotics, and prosecutions.
- **Correctional Facility Reform:** Contribute to the establishment of a professional prison system through a comprehensive nationwide corrections program including corrections training, advisory services, institutional capacity-building; infrastructure support through refurbishment and construction, and salary and equipment support.
- **Legal Awareness and Professional Development:** Support the National Legal Training Center, professional legal associations, and law schools; improve public access to justice through legal aid clinics; and advance the reintegration of women into the legal sector.

Finally, FY 2007 INCLE funds will also be used to continue the robust, five-pillar counter-narcotics effort begun in FY 2005, which integrates alternative development, opium poppy elimination/eradication, law enforcement, interdiction, and public information/demand reduction. Programs will include continued support for: the Afghan Government's expanded poppy elimination and eradication programs, operating at both provincial and national levels to proactively discourage poppy cultivation and, where it is planted, to encourage governor-led and national eradication efforts early enough for it to be replaced with legitimate crops; drug law enforcement and interdiction programs, including the Counternarcotics Police of Afghanistan, the DEA-assisted National Interdiction Unit and the National Interdiction Center; public awareness programs reinforcing traditional Muslim strictures and current high-level GOA messages forbidding any involvement with narcotics; and demand reduction programs in conjunction with international non-governmental organizations to strengthen the capacity of Afghan governmental institutions and community-based groups to protect the public and wean addicts from drug dependency. Counternarcotics assistance will continue to include an increasingly robust, rotary and fixed-wing aviation support program to serve as a force multiplier for poppy elimination and manual eradication programs, as well as for other counternarcotics efforts as available and required.

In FY 2007, the United States will also assist Afghanistan's efforts to detect, investigate and root out terrorist networks proactively through the Non-proliferation, Anti-terrorism, Demining, and Related Programs – Anti-Terrorism Assistance (NADR-ATA) program, which aims to build partner countries' capabilities in conducting terrorism investigations. NADR-ATA funds will help institutionalize the Afghan Presidential Protective Service (PPS), enabling Afghan forces to protect Afghan leadership without U.S. assistance. In addition, NADR-ATA will fund investigation training for Afghan forces, in topics such as explosive incident countermeasures, Crisis Response Team (CRT, providing SWAT training), and Explosive Incident Countermeasures (EIC, training bomb squads). This training is critical to the Afghan government's ability to contain terrorist elements.

The \$400,000 request to fund NADR- Counterterrorism Financing (NADR-CTF) programs will support basic financial investigations, cash courier training, prosecutor training and development of a financial intelligence unit (FIU). These programs are crucial to U.S. national security, as they help prevent the abuse of financial institutions, business, cash couriers, and charitable organizations as conduits for money to terrorist organizations. The FY 2007 request to fund the NADR-Terrorist Interdiction Program (NADR-TIP) in Afghanistan will provide upgrades to the software currently operating on the watchlisting system deployed to Kabul airport, replacement hardware, and provide for some infrastructure required to support future expansion of the project to selected land border crossings.

FY 2007 NADR-Demining (NADR-HD) funds are requested to extend landmine eradication to new areas, meeting humanitarian objectives while facilitating resumption of economic activity and reconstruction. NADR-HD will continue its focus on technology skills transfer; capacity building; and mine risk education for Afghan non-governmental organizations. FY 2006 NADR-Small Arms/Light Weapons (NADR-SA/LW) program funding is requested to collect and destroy surplus and abandoned weapons in Afghanistan, including Man-Portable Air Defense Systems (MANPADS).

FY 2007 NADR/Export Control and Related Border Security Assistance (NADR/EXBS) funding is requested to assist Afghanistan in strengthening its export/border control system to prevent smuggling of items of proliferation concern. The NADR/EXBS program is requested to provide focused support to Embassy Kabul's Border Management Initiative and its related Islam Qalah pilot project and complete a thorough assessment of the Afghanistan export control system.

Afghanistan's successful and transparent 2005 parliamentary elections highlighted the significant strides the country has taken since the defeat of the Taliban in 2001. Opponents who previously settled scores through

violent confrontation now face off in the political arena, a significant achievement following 25 years of war. Economic Support Funds (ESF) provided to the UN mission in Afghanistan were instrumental in supporting the parliamentary elections. In FY 2007, ESF will be used to continue support for democracy and governance programs, including supporting justice sector and parliamentary development; training elected government officials and justice sector personnel; bolstering civil society development at the national, provincial, and local level; strengthening nascent political parties; promoting human rights; fostering civil service reform; and promoting independent media development. In other areas, ESF will continue to play a critical role in FY 2007 by assisting the Afghan Government with direct budget support through the Afghanistan Reconstruction Trust Fund (ARTF), infrastructure, and development of domestic revenue generation.

Approximately half of Afghanistan's 28 million people are unemployed and live in poverty. Virtually all of the country's institutions and much of its infrastructure have been destroyed. The newly elected government must continue to demonstrate tangible benefits for the Afghan people following the completion of the Bonn Accords. Completion of the southern ring road (Kabul-Kandahar-Herat road), targeted for December 2006, and 1000 km of secondary and district farm-to-market roads will have a measurable impact in this regard. A significant portion of the requested FY 2007 ESF and Development Assistance (DA) funds will be used to build and rehabilitate critical power generation infrastructure including: construction of a gas-fired power plant in northern Afghanistan; rehabilitation of electrical transmission grids from the Kajaki Hydroelectric Dam to Kandahar and Lashkar Gah in southern Afghanistan; implementation of cost recovery mechanisms; and capacity-building in order to reinforce US investments in the power sector. FY 2007 ESF and DA funds will also support private sector initiatives, such as market centers and industrial parks, customs clearinghouses, credit and capacity building for small- and medium-enterprises, and economic governance capacity building. Additional ESF funds will support programs essential to long-term stability, including continued funding for quick impact Provincial Reconstruction Team (PRT) projects to extend reconstruction into hard-to-reach areas.

Agriculture and the rural economy provide a way of life for about 70 percent of the Afghan population. FY 2007 DA and ESF are requested to help farmers re-establish production, become more profitable and efficient, and improve food security. Funds will concentrate on building the capacity of private sector entrepreneurs to meet demand through business and marketing skill development. In addition, agricultural programs in FY 2007 will aim to provide employment for Afghans and promote alternative crops in poppy-growing areas. The Alternative Livelihoods program, in particular, will target poppy production in nine poppy producing provinces, promoting sustainable regional development and providing cash for work programs to individuals foregoing poppy cultivation. Credit programs for operating and investment capital will support production and processing activities. DA-funded rural development programs include: providing tools, agricultural equipment, fertilizer, livestock vaccines, and seed for planting; improving access to markets through rebuilding rural roads and bridges; and establishing a credit facility to address the problem of Afghanistan's heavily indebted small farmers.

Additional DA funds will be used to help ensure that every child in the country has access to primary education (grades 1-6) through community-based school construction, as well as textbook production, classroom-based teacher training, and primary school equivalency/accelerated learning. With respect to school construction programs, resources will be used in partnership with local communities and the Ministry of Education.

Health services are another critical area of development. Afghanistan's child mortality rate is among the highest in the world. One of every four Afghan children dies before the age of 5, and adults face a life expectancy of 46 years. Continued Child Survival and Health (CSH) funds will be needed in FY 2007. Health programs will continue to support provision of basic child health services with increased management and oversight from the Ministry of Public Health. Support for health worker capacity building

and health system quality improvement will continue. Behavior change activities initiated in FY 2006 will continue toward improved family knowledge, access and use of services for improved child health.

Over 3.5 million refugees have returned to Afghanistan since 2001. Although refugee returns are expected to be lower than previous years, large numbers are still expected to continue to return home in 2007, with up to 600,000 refugees expected. FY 2007 Migration and Refugee Assistance (MRA) is requested to provide critical humanitarian assistance for Afghan returnees through the United Nations, other international organizations, and NGOs. FY 2007 emergency food aid requirements, should they be needed, will continue to be addressed by P.L. 480 Title II sources, as in FY 2005.

Finally, as in previous years, assistance to Afghan women and girls is a strong crosscutting objective, pursued through democracy and governance, agriculture, economic development, education, health, and private sector and humanitarian support programs. Since the fall of the Taliban, the U.S. Government has implemented over 175 projects directly in support of Afghan women and many more that benefit all Afghans, including building the first women's resource center in Kabul; providing accelerated learning courses to more than 98,600 girls; and providing maternal health care benefiting 1.8 million women and children. A significant portion of FY 2007 ESF, DA, and CSH funds will be directed specifically at programs to assist women and girls, including:

- Democratic institution building, legal capacity strengthening, women's political leadership and participation, and media training;
- Income-generating projects, micro-finance projects, job skills training, job creation, marketing skills, and technical support for textile projects;
- Construction and rehabilitation of schools, provision of schoolbooks and supplies, and food rations as incentives for families to send their daughters to school;
- Construction of women's wings in hospitals and dormitories for female medical students; and,
- Curriculum development and training for doctors and health care workers; and Maternal and child health and nutrition.

## Bangladesh

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	33,412	26,384	25,884
DA	16,535	10,859	8,400
ESF	4,960	4,950	5,000
FMF	248	990	875
IMET	1,035	891	985
NADR-ATA	493	100	3,413
NADR-CTF	100	100	100
NADR-TIP	300	-	200
P.L. 480 Title II	22,122	29,934	46,000
Peace Corps	1,773	1,804	1,870

It is in the U.S. interest to assist Bangladesh, the seventh most populous country and one of a handful of moderate Muslim-majority democracies, to meet steep political and economic challenges. Bangladesh remains beset by strong political divisions and corruption. The economic challenges that lead to extremism – poverty, lack of education, and endemic corruption, combined with porous borders and lack of public faith in elected government – have increased the attractiveness of radical alternatives. Bolstering democracy and advancing development in Bangladesh are, therefore, essential to promoting stability and preventing the spread of terrorism in South Asia.

FY 2007 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) requested for Bangladesh are key to battling corruption and curbing the growth of fundamentalism by improving citizen advocacy and government transparency and responsiveness, while advancing economic development and reducing poverty.

Good governance is a prerequisite for democratic development in Bangladesh. Anti-corruption efforts are not limited to individual actions but are part of an integrated crosscutting approach that will be incorporated into all aspects of our assistance. FY 2007 DA for democracy is requested to: intensify anticorruption efforts begun in FY 2003; support political party reform to help overcome divisiveness and improve accountability; strengthen local government and promote decentralization of policy reform; build advocacy skills; and promote human rights. For example, we plan to support anti-corruption efforts such as developing a financial management system for intergovernmental transfers and providing technical assistance to increase fiscal transparency. Similarly, our plans are to conduct party reform following the national elections, to strengthen local government management systems and to expand participatory planning.

In FY 2007, ESF will complement these efforts through added support for anti-corruption programs and political party and parliamentary reform. Specifically, the following targeted ESF investments will support the USG's strategic goals and help prevent Bangladesh from slipping into a 'failed state' status:

- Political Party Reform Program:* Promotion of democracy in the Muslim world is a key U.S. foreign policy goal. Bangladesh is an important moderate Muslim country with a functioning, albeit vulnerable, electoral system. Specific activities include: promoting democratic reform in the major political parties; strengthening the capacity of local and national political organizations to communicate with voters and represent them more effectively; improving political parties' and legislators'

understanding of the importance of public opinion and responsiveness to the public; expanding the participation, leadership development, and influence of women, youth, and minorities in political parties; and critically in 2007, addressing party reactions to the parliamentary elections that will take place no later than January 2007. With FY 2004 ESF funding, 355 mid-level political leaders from all major parties participated in several leadership and membership outreach training sessions throughout the country. Over 4,800 members of youth wings of major political parties participated in youth festivals and training events aimed at better defining youth-related issues in party platforms. Two major events were staged bringing together garment workers and political party representatives on proposed actions in light of the expiration of the Multi-Fiber Agreement and its fall-out. Public opinion research and surveys were also carried out. FY 2007 ESF will support training courses for other mid-level political and for youth leaders, will help major parties to assess election results and post-election actions and will assist parties in developing more democratic internal procedures and outreach to constituents.

- *Parliamentary Reform Program:* By January 2007 Bangladesh will have national elections and a new Parliament installed soon after. Deeply intertwined with political party support is much-needed Parliamentary reform. This provides an historic opportunity to: train new legislators; establish viable standing committees; create institutional capacity for budget analysis; increase citizen participation in the legislative process; and promote a greater role for opposition lawmakers. FY 2007 ESF will be used to train legislators on their roles and responsibilities and assist in establishing a technical support office with budget analysis capabilities for standing committees.
- *Leaders-of-Influence Initiative:* Authority in Bangladesh is commonly derived from different sources. Imams and other Islamic religious leaders in most communities often have a strong say on local issues. Engaging Imams and other leaders-of-influence (LOI) to understand the complexities of development programs, to explain the positive effects of U.S.-sponsored activities in their communities, and to reach out and involve their communities in local development efforts will enhance mutual understanding between the societies. Having successfully piloted an approach with the Government-sponsored Islamic Foundation, the United States plans to expand this program with FY 2007 ESF resources. So far, in less than a year of field work, 2,214 Imams throughout the country have participated in this program. This development orientation course is quickly becoming an integrated and standard component of the Islamic Foundation's programs, having already been tested on 22 training groups in seven of its training academies. There is also growing evidence that those exposed to this program are applying what they have learned in their communities. Building strong, productive relationships with LOI assists in consolidating the foundation for democratic governance and should contribute to deterring extremism.
- *Promoting Anti-Corruption Initiatives:* The Bangladesh Government cannot be accountable if it lacks clear and reliable financial data to review. The Comptroller General's Office (CGO) has a key function of auditing, internal control and financial reporting. These areas all require strengthening through training not only for CGO staff but also for line Ministry auditors and financial managers. Systems need to be improved, and the CGO could be further strengthened through legislative and regulatory changes that buttress its independence. Clear, reliable financial data on public spending are at the core of fighting corruption and creating greater transparency in public administration. FY 2007 ESF will be used to train CGO and other government financial managers and auditors, provide technical assistance and equipment to improve their auditing, internal control and reporting systems and assist them in drafting appropriate regulatory legislation.

The United States also supports a multi-donor effort to develop a government anticorruption strategy. Funds have been used to encourage a decentralization debate at the local level and establish local government associations at the union and municipal levels, advocating greater devolution of authority. DA

funds support an NGO that assists in the return of trafficked persons and aids in the arrest of trafficking suspects and the conviction of traffickers.

FY 2007 ESF and DA will also be used to accelerate Bangladesh's economic growth and provide greater access to the global economy for the Bangladesh's people. A dependable, reputable banking sector is a key component of the Government's economic development plans. Through an interagency agreement, FY 2007 ESF funds will also support banking supervision, information/communications technology development, and other assistance to the Central Bank. In cooperation with the U.S. Treasury Department, we have, for the past three years supported a resident advisor who provides technical assistance to the Central Bank. This advisor has produced measurable improvements in efficiency and accountability in the Bank's management systems that, ultimately, help uproot illicit money laundering plaguing the financial sector. In FY 2006, e-learning curricula on bank supervision and anti-money laundering are being launched to supplement and re-enforce the Treasury's and the Department of Justice's technical assistance. This assistance will enhance the Bank's ability to regulate effectively and efficiently and to supervise other financial institutions. This improved capacity in the Central Bank enables it to prevent and detect financial crimes in the banking sector through modern anti-money laundering concepts and procedures.

DA and ESF funds will complement these efforts, helping to diversify exports and accelerate economic growth, by supporting technical assistance and training. We plan to improve private sector competitiveness, to promote trade development through regional trade fairs, to strengthen human resource capacity and to incorporate information and communications technology. We will also continue to support vocational and technical education through programs that aim to expand opportunities in the workforce for women and youth.

U.S. support for energy reform efforts focuses on supporting the nascent independent energy regulatory body in order to make it fully operational. We will also provide technical assistance to rural electric cooperatives, strengthening their business operations and sector management. We plan to support partnerships between Bangladeshi and U.S. utility companies and power administrations to expand renewable energy to non-grid rural areas through home solar systems.

DA programs help to diversify exports and increase sales/earnings for assisted businesses, including in the agricultural sector. For example, we plan to use DA funds to promote biodiversity, to create market linkages for natural products and to support creation of a protected area management and financing system.

Finally, FY 2007 DA will be used to improve early childhood and primary education. Assistance will increase early childhood development opportunities, such as a successful "Sesame Street Bangladesh" co-production. It will also promote innovative learning methodologies; and expand community and family involvement in schools to strengthen demand for educational opportunity.

FY 2007 CSH funds target essential reproductive and maternal health care needs. Bangladesh remains one of the poorest countries in the world with nearly half of its more than 140 million people living below the national poverty level of \$1 per day. We plan to improve availability of child health care and immunization efforts, and maternal health and safe delivery at the community level. CSH funds will also support HIV/AIDS surveillance, research and national level coordination, and TB and Avian Influenza prevention. In addition, CSH will be used for family planning and the social marketing of contraceptives.

We will also use DA funds to continue community-led hygiene education, water and sanitation facility construction, disaster management programs to create flood-proof shelters, and policy research to address access to food.



Bangladesh is an important country for Nonproliferation, Anti-terrorism, Demining, and Related Programs/Anti-terrorism Assistance (NADR-ATA). It is designated a Tier One country since the August 17, 2005, simultaneous detonation of more than 500 small improvised explosive devices (IEDs) in 63 out of 64 districts in the country. FY 2007 NADR-ATA funds will allow DS/ATA training to increase while Bangladesh builds its capabilities to prevent terrorism and capture and prosecute perpetrators. In addition, FY 2007 NADR-Counterterrorism Finance (NADR-CTF) funds will support the continued assignment of a Department of Justice expert to our Embassy to serve as a resident legal advisor, helping the BDG to establish its counter-terrorism finance infrastructure and thus attack the terrorists' support base. Finally, FY 2007 NADR-Terrorist Interdiction Program (NADR-TP) funds will continue to support building Bangladesh's capacity to track terrorists through installation of the U.S. Terrorist Interdiction Program's Personal Identification secure Comparison and Evaluation System (PISCES). PISCES is an application tailored to each country's specific needs which provides border control officials at transit points with information allowing them to identify and detain or track individuals of interest. This is critical for Bangladesh, considering its location in South Asia and the disturbing rise in extremism and violence. Since the dramatic August 17, 2005, IED incident, terrorism has become more deadly with dozens killed and hundreds wounded in explosions apparently conducted by indigenous terrorists. This necessitates FY 2007 NADR funding to continue to support the fight against terrorism in Bangladesh.

In FY 2007, FMF funds will be used to strengthen maritime security and border controls by building capacity of Bangladesh's Coast Guard through the purchase of new boats and upgrading its existing fleet, as well as associated training, equipment, communications, spares, and transportation to Bangladesh. This assistance supports U.S. policy by improving counter-terrorism capabilities and reducing piracy, human trafficking, narcotics, and weapons smuggling. FY 2007 FMF may also be used to allow continued support to Bangladesh's C-130 program through the procurement of spare parts. These programs will continue programs supported by prior year FMF funds appropriated by Congress. In FY 2005, funding for C-130B aircraft spare parts and repair helped bring four aircraft up to an operational and airworthiness level capable of supporting Bangladesh worldwide peacekeeping operations and Humanitarian Assistance activities. Providing equipment and upgrades to Bangladesh in FY 2007 is critical to strengthening military and naval capabilities to stem the threat of violence and reduce crime.

In FY 2007, International Military Education and Training (IMET) funds will be used to strengthen our relationship with Bangladesh's military and ensure that it remains apolitical, which is critical to this fragile democracy. IMET assistance will foster the professional development of Bangladeshi military officers in order to engender respect for civilian rule and to influence their ability to promote those values in their respective services. FY 2007 IMET funding is critical to maintaining these programs and developing the professionalism and counterterrorism capabilities of Bangladesh's military forces in a sustainable manner. This assistance will also: further develop the Bangladesh military's peacekeeping skills (Bangladesh was the world's largest contributor to international peacekeeping operations in 2005); provide U.S. instructors at Bangladesh's regional Peacekeeping Center; and enhance interoperability of U.S. and Bangladeshi forces during international peacekeeping and humanitarian assistance missions.

FY 2007 IMET will support the Bangladeshi military's professional military education through several senior services school courses, management courses, peacekeeping-emphasized courses, and specialized skills. Other courses for Bangladesh military officers will focus on counterterrorism, maritime security, professional military education, and management.

Bangladesh will be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will support U.S. objectives of increased interoperability and standardization in the Bangladeshi military and improved participation in peacekeeping operations.

**India**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	53,222	47,690	48,366
DA	24,856	10,892	10,004
ESF	14,880	4,950	6,500
IMET	1,502	1,188	1,480
NADR-ATA	3,596	2,270	978
NADR-EXBS	585	175	500
P.L. 480 Title II	35,763	44,053	45,000

With one sixth of the world's population and one third of the world's poor, India's economic and social progress is critical to achieving universal millennium development goals. Regrettably, despite achievements born of the economic reforms of the early 1990s, India is unlikely to meet its goals for key social indicators.

U.S. - India relations are experiencing a period of dynamic, positive change. We are designing and implementing the forward-looking initiatives announced by President Bush and Prime Minister Singh in July 2005, including a historic civil nuclear cooperation initiative. The United States continues to strengthen its strategic partnership with India, an emerging global power and the world's largest democracy. The U.S. partnership with India spans multiple strategic and programmatic fronts, and will continue the further expansion of its military, political, and economic relationships through the U.S.-India Defense Policy Group, the U.S.-India Economic Dialogue, the U.S.-India Energy Dialogue, the U.S.-India Counter-terror Joint Working Group, and through sharing views on important international issues. Working through the High Technology Cooperation Group, the United States and India also plan to expand high technology trade. The two governments announced completion of the Next Steps in Strategic Partnership in July 2005, an initiative which increased cooperation in civilian nuclear and space areas, high technology trade and missile defense, and assisted India in aligning its export controls with international standards and stemming onward proliferation. The United States and India also continue their cooperation in health, science, disaster management, environmental, education, and equity issues. As India emerges as a global power in the 21st Century, our development interactions will increasingly extend beyond traditional development partnerships toward catalytic public-private alliances. Robust and pluralistic institutional partnerships across sectors will identify, build and sustain collaborative efforts to address long-term development concerns.

FY 2007 Economic Support (ESF) funds for India will enable high-profile initiatives that target India's most challenging economic and social problems. Given India's size, programs will operate initially in a limited number of localities before expanding their scope. The FY 2007 ESF request for India has several components. A finance-for-investment component will support state fiscal reforms to reduce deficits that restrict social sector funding. Funds will support efforts to upgrade staff skills, improve management systems, stimulate public demand for improved service, disseminate best investment practices, and increase efficiencies to capture new resources needed for health, education, and physical infrastructure improvements. Concurrently, new capital markets that can fund infrastructure investments and attract direct foreign investment will be deepened and regulated. An ESF-supported disaster mitigation management initiative will improve national, state, and local systems to prepare for and to respond to costly natural or man-made disasters by installing cutting-edge disaster management systems and equipment. Funds will help strengthen federal and state disaster management institutions using the U.S. Federal Emergency Management Agency (FEMA) and related U.S. Forest Service Incident Command System as models. An

infrastructure-for-growth component will support power sector distribution reform, as well as water and urban infrastructure finance reforms that open infrastructure to private investment, thereby increasing municipalities' access to India's capital markets, improving cost recovery, and extending sustainable, quality services. An education and opportunity component focusing on women, minorities, and out-of-school youth will provide practical training to enhance livelihood options. The program will also work with the justice system to help define options for improving access to justice by disadvantaged groups, particularly Muslims and dalits, and help combat trafficking in persons and child labor. Finally, the ESF funds will support the GOI's new National Urban Renewal Mission that will bring to scale much of the policy reforms introduced through USG technical assistance. This new initiative will give focused attention to the integrated development of infrastructure and services that benefit the urban poor, concentrating on basic services such as housing, water supply, sanitation, slum improvement and waste management. The GOI is looking to the USG for technical assistance and U.S. "best practice" models that are adaptable to India and scalable.

FY 2007 Development Assistance (DA) funds are requested to help ensure that the economic aspect of our partnership moves forward with the same vigor as other elements, provide direct support for Indian-generated reforms essential for economic stability, and promote economic reform and growth in areas where U.S. enterprises are well positioned to compete, such as power generation and distribution. FY 2007 DA funds will continue to support ongoing economic growth initiatives, including programs that aim to increase the capacity of financial markets, strengthen state-level fiscal discipline, increase agricultural productivity, and help local and national governments raise and allocate resources. In addition, funds will support efforts to increase capital access for job-creating small scale enterprises; improve power distribution, groundwater management, urban water availability, and sanitation; and reduce pollution in selected states. DA will also be used to improve opportunities for vulnerable children and groups by expanding their access to justice and education.

FY 2007 Child Survival and Health (CSH) funds are requested to help India slow the growth of its rapidly increasing population, integrate health services and nutrition to improve child survival, and stem global disease threats, particularly HIV/AIDS, polio and TB. India's population is more than 1 billion and it has the world's largest concentration of desperately poor persons. India's ability to achieve sustainable growth and reduce poverty depends greatly on its ability to stabilize its population growth. More than half of India's children are malnourished. Thirty percent of the world's births occur in India, resulting in 20 percent of the world's maternal deaths and 20 percent of the world's child deaths. More than 2 million Indian children die every year from preventable or curable diseases. India accounts for one-third of the global burden of tuberculosis and is one of the last countries where concentrations of polio infections remain. India has 5.1 million individuals that are HIV positive, the second largest concentration in the world after South Africa. There are signs that the epidemic is spreading. If effective action is taken now the epidemic could be contained. On the other hand, if not addressed, the spread of HIV could have far reaching effects on Indian society. What we do now will determine which path India takes. Increased resources are needed to help India respond to its HIV/AIDS epidemic, which threatens to unravel recent gains in economic growth and poverty alleviation.

In FY 2007, \$1.48 million in International Military Education and Training (IMET) funds requested will focus on programs to enhance military professionalism, strengthen interaction between U.S. and India's armed forces, and facilitate cooperation and interoperability during joint exercises and military operations. These funds will also bolster the close partnership we are forming with India and strengthen India's future capability to contribute to both peacekeeping initiatives and the global war on terrorism. India will be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Excess Defense Articles will improve interoperability with U.S. forces and will enhance India's productive cooperation with the United States.

FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs funding for the Export Control and Related Border Security Assistance (NADR-EXBS) program is requested to continue activities to assist India in strengthening its export control system by implementing and enforcing India's comprehensive 2005 export control law. These activities are a core element of our growing strategic cooperation in stemming the spread of weapons of mass destruction, as well as developing avenues for cooperation in the high technology, civil space, and civil nuclear areas. These funds will build on completed and currently scheduled expert-level exchanges, addressing subjects such as training, licensing, enforcement, and investigation, to improve implementation of India's evolving export control system. The NADR-EXBS program will also provide opportunities for civil nuclear dialogue, initiate a systemic internal compliance program for industry, and continue indigenization of enforcement training capacity.

India has been the victim of more terrorist attacks, both domestic and international, on its territory than any other country. Although India has been working for several years to improve its response to terrorism, it still needs assistance, especially in its rural regions where law enforcement officials are often untrained and lack rudimentary skills needed to respond to terrorist threats. India is therefore an important country for FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Anti-terrorism Assistance (NADR-ATA) funds that will support training courses related to explosive detection and countermeasures. India needs training in managing major incidents and getting domestic regions to work together on trans-regional problems.

## Kazakhstan

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	4,960	3,465	3,500
FSA	26,690	24,750	19,000
IMET	997	990	1,085
NADR-ATA	306	450	975
NADR-EXBS	750	1,050	1,750
NADR-SALW	295	200	-
Peace Corps	2,509	2,526	2,637

The United States seeks to promote Kazakhstan's development as a stable, independent, democratic, market-oriented, and prosperous state that has good relations with its neighbors and strong links to the West. Kazakhstan has vast hydrocarbon reserves and is the largest Central Asian state, sharing borders with Russia and China. In support of Operation Enduring Freedom, Kazakhstan provided the United States with overflight permission. Kazakhstan has supported Operation Iraqi Freedom, contributing soldiers to Coalition forces.

Key U.S. interests in Kazakhstan include: (1) building on the Kazakhstani Government's commitments to the Global War on Terrorism; (2) building on non-proliferation programs that have achieved impressive successes, including the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program; (3) promoting democratic governance and civil society, market-based, transparent development of Kazakhstan's hydrocarbon resources, diversified routes for oil and gas exports to world markets, a favorable investment climate for U.S. firms, and integration of Kazakhstan into the world trading system; and (4) supporting efforts to enhance Kazakhstan's capabilities to manage its borders and counter the transport of illicit drugs produced in Afghanistan.

FY 2007 FREEDOM Support Act (FSA) funds will continue to provide support for small and medium-sized enterprises (SMEs), improved management and diversification of critical natural resources, primary health care, fighting infectious diseases, and strengthening civil society and citizen participation in the political processes. In addition, FSA-funded programs will continue to support nonproliferation cooperation and improvements in law enforcement and counter-narcotics capabilities.

The Administration has developed a phase-out plan for FSA-funded economic reform programs in Kazakhstan that includes a plan for cost-sharing with the Government of Kazakhstan (GOK). The decision to phase out FSA-funded support in this area was based on the adoption of objective, quantifiable indicators of the progress of reforms in the democratic, economic and social sectors. As a part of this interagency process, FSA-funded economic reform assistance in Kazakhstan is expected to be phased out by FY 2009. Under the U.S.-Kazakhstan Partnership for Economic Development (PED), the GOK will share in the costs of the U.S. Government's economic assistance programs and will play a greater role in their design and implementation. As the flow of revenue from Caspian oil increases over the next few years, the GOK will be expected to share the cost of technical assistance and training in a broad range of areas.

Disparities in income between socio-economic groups and between oil and non-oil producing regions continue to grow in Kazakhstan. Private-sector development programs are crucial to our efforts to help diversify the country's sources of economic growth, and will continue in FY 2007.

With energy markets growing in Afghanistan and other countries of South Asia, FSA funding will continue to provide necessary technical assistance to Kazakhstan, complementing similar U.S. efforts in the Kyrgyz Republic and Tajikistan, in order to develop efficient and transparent energy generation and distribution systems. The GOK is interested in making investments in the hydropower infrastructure of the Kyrgyz Republic in order to offset projected energy shortages in southern Kazakhstan. The U.S. Government will continue to support regional energy trading by assisting in the negotiation of regional agreements based on international standards and supporting the implementation of those agreements. U.S. assistance will also facilitate trade and investment between the countries of Central and South Asia.

FSA-funded health care reform programs are facilitating the implementation of systemic changes to create a higher quality, user-friendly, more cost-effective primary healthcare system in select regions of Kazakhstan. Increased momentum for health sector reform was generated in FY 2004 by President Nazarbayev's call for reform, a doubling of the GOK health budget, and the passage of nine key pieces of legislation. FSA-funded programs introduced evidence-based medical practices, worked to improve medical and nursing education, and addressed infant, child, and maternal health issues. With the help of U.S. assistance, 37% of the population was voluntarily enrolled in primary health care, and 31% of health providers were paid, thanks to the introduction of new financing systems.

Kazakhstan's progress towards democracy continues to be uneven. The 2005 presidential elections fell short of the international standards to which Kazakhstan has committed itself. While the registration of opposition candidates and improvements in the conduct of the Central Election Commission were signs of progress, a number of aspects of the law were not implemented effectively or impartially, and there were serious shortcomings in candidates' access to media and ability to meet with voters, in the use of administrative resources to pressure voters, and the tabulation of voting results. Although the Constitutional Council determined that a draft law approved by Parliament designed to increase governmental control over civil society was unconstitutional, Western-funded nongovernmental organizations have faced pressure and tax inspections from the government. In the face of these challenges, FSA-funded democracy assistance programs are designed to help maintain citizen participation through support for political processes and institutions, strengthen grassroots civic organizations, and develop more effective, responsive and accountable local government.

The United States will continue to provide assistance to independent broadcast and print media in Kazakhstan. Programs will help independent broadcast media adhere to the country's broadcast and production laws, thereby decreasing the chances of legal challenges impeding their operations. The United States will also support local human rights defenders, government plans for judicial reform, and activities to promote a free and fair electoral process. The United States will continue its work to strengthen nongovernmental organizations by providing them with training, technical assistance and small grants.

With the dissolution of the Soviet Union, Kazakhstan became a de facto nuclear weapons state. After achieving its independence, Kazakhstan began to work cooperatively with the United States and others to dismantle Soviet-era nuclear, biological, and chemical weapons infrastructure and redirect related expertise. U.S. nonproliferation assistance programs address these potential sources of proliferation. FY 2007 FSA and Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) funds will continue to help prevent, deter, detect, investigate and interdict threats of proliferation; ensure the security of nuclear materials; redirect former Soviet weapons expertise to peaceful projects; and enhance Kazakhstan's capabilities and infrastructure to control exports and secure its borders.

A high-profile example of bilateral cooperation includes our work with Kazakhstan to secure and properly dispose of dangerous waste from the decommissioned Soviet-built BN-350 breeder reactor in Aktau. In FY 2007, the development of Kazakhstan's maritime border security capabilities, funded by NADR, will

continue to be a priority. The Export Control and Related Border Security (EXBS) Assistance Program will continue to sponsor training programs on building effective legal export controls, border searches counter-proliferation awareness, and international border interdiction training for Kazakhstan's border security officials.

Kazakhstan is a significant beneficiary of NADR Nonproliferation of WMD Expertise assistance, managed by the Bio-Chem Redirect and Science Centers Programs. Kazakhstan is a party to the International Science and Technology Center (ISTC). The Science Centers program is funding a project at the Pavlodar Chemical Plant, in which the U.S. Department of Energy's Initiatives for Proliferation Prevention will fund participation by U.S. national laboratories. The State Department's Bio-Chem Redirect Program will fund additional projects at Pavlodar, involving experts from the U.S. Environmental Protection Agency, and at the environmental monitoring laboratory in Stepnogorsk, where over 100 former biological weapons researchers are engaged in transparent work.

Kazakhstan's law enforcement agencies are poorly equipped and in need of further reform and improvements in their capabilities. Kazakhstan's lengthy borders are inadequately monitored. Legislation criminalizing the financing of terrorism has yet to be adopted, previously enacted legislation criminalizing money laundering needs to be improved, and there is no central financial intelligence unit to track suspicious financial transactions. The U.S. Government will continue to support projects to improve border controls, train financial investigators to detect and investigate money laundering related to narcotics trafficking, intercept narcotics shipments in transit across Kazakhstan, and investigate and prosecute human traffickers.

FY 2007 funding will support reforms in the judicial sector and law enforcement agencies, and expand border security efforts aimed at narcotics trafficking and other organized criminal activities. FY 2007 funding will also support efforts to encourage modernization of Kazakhstan's law enforcement agencies and improve respect for the rights of suspects and prisoners. We will also continue to support greater bilateral cooperation between Kazakhstani law enforcement agencies and the U.S. Drug Enforcement Administration and other U.S. law enforcement agencies.

Although it is not requesting resources specifically for Kazakhstan in FY 2007, the NADR Antiterrorism Assistance (ATA) Program will continue to use its regional funding to provide training to Kazakhstani law enforcement and security elements engaged in the prevention of terrorism.

FY 2007 Foreign Military Financing (FMF) will continue to enhance Kazakhstan's peacekeeping capability and support defense reform efforts. FMF will continue to provide assistance to the Peacekeeping Battalion, which will enhance interoperability and Kazakhstan's ability to participate in international operations. Additional funding will be used for support in modernization and defense reform.

FY 2007 International Military Education and Training (IMET) funds will help facilitate greater professionalism and reform of the armed forces. English-language training will continue to foster cooperation and interoperability, especially with regard to the peacekeeping battalion and rapid reaction brigade. IMET will also fund training for the Kazakhstani Peacekeeping Battalion (KAZBAT) and will fund professional military education, as well as education at the command and staff colleges and senior service colleges.

In FY 2007, Kazakhstan will be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Provision of EDA will help Kazakhstan meet its defense requirements and modernization efforts, support Global War on Terrorism interoperability efforts, and assist in regional stability operations.

## Kyrgyz Republic

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	1,984	1,881	1,500
FSA	35,126	24,750	32,000
IMET	1,039	1,089	1,085
NADR-ATA	450	3,293	425
NADR-EXBS	500	810	1,000
Peace Corps	1,797	1,915	1,849

The Kyrgyz Republic's "Tulip Revolution" has refocused the country's population, its government, and the international community on the promotion of democracy, good governance, the rule of law, and sustainable social and economic development. In March 2005, the Kyrgyz Republic's Soviet-era president, Askar Akayev, fled the country and resigned in the wake of country-wide protests following the February Parliamentary elections, which international and domestic observers condemned as fraudulent.

Akayev's resignation surprised the Kyrgyz people and international observers alike. The road to political consolidation and further reform has been slow for the new government of President Bakiyev. The United States must help the Kyrgyz Republic consolidate democratic gains made after the revolution and push forward with difficult reforms, including anti-corruption measures and constitutional reform. The Kyrgyz Republic should serve as an example of a reforming market democracy that is based on the rule of law and civil society, functions on free-market economic principles, is at peace with its neighbors, is integrated into the world economy, and raises living standards through economic opportunity, education and health care. The Kyrgyz Republic is providing crucial support for Coalition forces in support of Operation Enduring Freedom, and the Global War on Terrorism, most notably in hosting the Coalition airbase at Manas.

U.S. assistance to the Kyrgyz Republic seeks to enhance its sovereignty and territorial integrity, increase democratic participation and civil society, fight corruption, support economic reform and development, improve observance of human rights protections, help prevent weapons proliferation, and more effectively combat transnational terrorism and transnational criminal activities including drug trafficking and trafficking in persons.

In FY 2007, the United States plans to continue FREEDOM Support Act (FSA)-funded economic and technical assistance for small and medium-sized enterprise (SME) development, civil society strengthening, and health reform. Efforts to improve the capabilities of Kyrgyz law enforcement agencies to intercept major narcotics smuggling out of nearby Afghanistan and to combat other forms of organized crime will continue. The United States will continue to support justice sector reform including improving the transparency and operation of the Judiciary. A range of security-related assistance programs for the Kyrgyz Republic will be funded through the FSA, Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR), Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts.

FSA-funded economic assistance helps create free and viable markets where microenterprises and small and medium enterprises (SMEs) can thrive. In FY 2007, U.S. Treasury Department and Commerce Department advisors will continue assisting the Kyrgyz Government in attracting foreign investment and continuing essential structural reforms of the economy. With energy markets growing in Afghanistan and other countries of South Asia, FSA funding will continue to provide necessary technical assistance to the Kyrgyz Republic, complementing similar U.S. efforts in Kazakhstan and Tajikistan, in order to develop



efficient and transparent energy generation and distribution systems. FSA-funded programs have helped the Kyrgyz Republic make progress in tax reform and government budget processes. Credit financing supports microenterprise and SME development. FSA programs have also helped the Kyrgyz Republic become a regional leader in health care reform.

Despite gains made after the departure of Akayev, official corruption continued to be an issue and damaged the new government's reputation among the people. However, government harassment of non-governmental organizations (NGOs), opposition political parties, and independent media decreased significantly across the board. With U.S. assistance, civil society leaders and the government began a dialogue on constitutional reform to walk back several changes made by Akayev late in his administration which gave more power to the president. Based on positive indicators and forward momentum, the Millennium Challenge Corporation chose the Kyrgyz Republic as a Threshold Country in November 2005. The Kyrgyz Republic remained the most open and free society in Central Asia.

In FY 2006 and FY 2007, FSA-funded democracy assistance will continue to support nonpartisan training for political parties, as well as civil society and independent media development, with a focus on promoting free and fair elections. Programs to work with local governments and citizens to strengthen the accountability of government will also continue, as will U.S. assistance in the field of education, including programs focusing on civic education and basic education.

The FSA and NADR accounts will continue to fund peaceful scientific activities by former weapons scientists. The NADR-funded Export Control and Related Border Security Assistance (EXBS) program will continue to work with the Kyrgyz Republic to deter, detect and interdict weapons and technology of proliferation concern by establishing export control laws, regulations, licensing and enforcement mechanisms. The NADR Anti-Terrorism Assistance (ATA) program will continue to provide counter-terrorism training to Kyrgyz law enforcement and other security personnel to bolster the country's ability to maintain security at home and to participate in the Global War on Terrorism. Kyrgyz institutes with weapons-of-mass-destruction (WMD)-relevant expertise in human and animal disease, seismic testing, and radiological environmental effects will continue to receive support from the NADR Nonproliferation of WMD Expertise account. Through the Kyrgyz Republic's membership in the International Science and Technology Center, the United States provides grants for peaceful research, training in proposal writing, and information technology and travel support for professional networking to Kyrgyz scientists with WMD-relevant expertise.

The Kyrgyz Republic is a major transit country for illegal narcotics produced in nearby Afghanistan and bound for Russia and Western Europe. The revenues from such drug smuggling could be a source of financing for terrorist entities. A substantial amount of FSA-funded U.S. law enforcement assistance to the Kyrgyz Republic is therefore aimed at improving the interdiction and enforcement infrastructure and training of counter-narcotics units. FY 2007 FSA funds will further expand law enforcement assistance programs to address the narcotics smuggling out of Afghanistan and the very poor state of Kyrgyz law enforcement equipment, training and practices. FY 2007 FSA funding will provide support for the operations of the Kyrgyz Drug Control Agency, which is staffed by vetted Kyrgyz personnel. FSA assistance will also be provided for further law enforcement agency reforms, continued development of the judicial sector, expanded anti-corruption efforts, and improvements in the Kyrgyz government's ability to detect and halt money laundering and terrorist financing.

FY 2007 FMF will be devoted to a range of projects aimed at reinforcing the Kyrgyz Republic's capability to combat terrorist insurgents moving through the region, establishing greater internal security, and promoting regional stability. FMF will sustain the professionalization of the Kyrgyz Armed Forces and will promote interoperability. FMF will fund radios, ground stations, command and control systems, as well as consultation support and associated equipment for peacekeeping units.

IMET funds will help facilitate greater professionalism and reform of the Kyrgyz Armed Forces. IMET will fund English language training, provide professional military education courses, and provide slots at U.S. senior services schools for Kyrgyz military personnel.

In FY 2007, the Kyrgyz Republic will continue to be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. EDA transfers will help the Kyrgyz Republic meet its defense requirements and transformation efforts, support coalition interoperability, and assist in regional stability operations.

Continuing in FY 2007, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of the Kyrgyz Republic. U.S. organizations working with the U.S. Government in partnership with the Kyrgyz Government and local NGOs will administer basic medical services and provide essential medicines, clothing and food to children, the elderly and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of the limited social welfare programs being implemented by the Kyrgyz Government.

**Maldives**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	169	173	195

Maldives is a moderate Islamic state transitioning to a fuller democracy from years of autocratic rule. President Gayoom has initiated a series of democratic reforms to overhaul the executive, legislative, and judicial branches. The Government of the Republic of Maldives (GORM) supports U.S. strategic goals in the region and globally, including the global war on terrorism, and provides access to ports, landing fields, and airspace in support of U.S. missions. U.S. priorities in this small archipelago nation are to maintain stability by strengthening its democratic institutions and to work with the GORM to coordinate policies in international organizations, especially on such issues as drug trafficking, nonproliferation, international crime, terrorism, and the environment. USAID and elements of the U.S. military are engaged in assisting the Maldives to recover from the December 2004 tsunami disaster. Without a U.S. mission in Maldives, engagement continues through regular diplomatic exchanges led by the U.S. Ambassador to Sri Lanka, who is accredited to the Maldives, through the International Military Education and Training (IMET) programs, and through South Asian regional programs.

FY 2006 IMET funding sent a limited number of Maldivian officers and non-commissioned officers to military and technical schools in the United States. FY 2007 IMET funds will further professionalize the military and foster increased awareness of human rights concerns through U.S. training to Maldives officers and non-commissioned officers, participation of citizens in the political and economic life of the country, and freedom of religion and the press. IMET assistance in the Maldives will also improve interoperability with U.S. forces and enhance the military's internal security role. FY 2007 will be the second year of a three-year program to improve the quality of the Maldivian counterterrorism forces. The Maldives continues to support the global war on terrorism with landing, basing, and over flight rights.

IMET is our only foreign assistance to the Maldives, a moderate Islamic nation that seeks closer ties to the United States. As such, IMET's significance to the GORM is particularly substantial.

Maldives will be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will support U.S. objectives of increased interoperability and standardization.

**Nepal**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	25,165	18,613	17,985
DA	10,000	7,895	7,051
ESF	4,960	4,950	5,000
FMF	-	1,980	1,300
IMET	648	644	790
NADR-ATA	2,771	991	1,036
NADR-TIP	-	-	150
P.L. 480 Title II	966	-	-
Peace Corps	179	-	-

A brutal, unabated Maoist insurgency, an autocratic monarch, and political parties that lack the confidence of the populace imperil Nepal's 14-year experiment with democracy, and limit the government's ability to function throughout the country. Working to persuade Nepal's constitutional political actors to reconcile in order to counter that Maoist threat from a position of strength is key to achieving U.S. regional and bilateral goals, including preventing the spread of terror, enhancing regional stability, promoting democracy, and protecting U.S. citizens in Nepal.

Economic and social disparity, corruption, and a lack of good governance and infrastructure make Nepalis susceptible to Maoist influence and propaganda. Against that backdrop, U.S. assistance has been re-focused on democracy and governance programs intended to strengthen Nepal's democratic institutions, thereby increasing grassroots support for representative government. In addition, continued focus on increasing incomes, improving primary health care, and curbing population growth will create additional economic stability and opportunity, limiting Maoist appeal and increasing the stake of ordinary Nepalis in the country's political economy.

Specifically, FY 2007 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) will fund a new USAID program to enhance stability and security. Through a multi-pronged approach which addresses key sources of fragility - exclusion, weak governance, lack of economic opportunities and inequitable growth - this program will mitigate the impact of conflict on households, stabilize rural communities, and strengthen capacity for conflict mediation and peace building at the national and community level. Program activities will: 1) protect livelihoods through income-generating infrastructure and agriculture projects in conflict-affected areas, 2) provide key services to victims of the conflict, 3) support national efforts to address the conflict, 4) strengthen civil society and community capacity to build peace and participate in local governance, and 5) prevent the spread of HIV/AIDS and other infectious diseases.

FY 2007 DA and ESF also will fund a new USAID program to strengthen governance and protect human rights. Consensus and commitment to an inclusive multi-party democracy will be achieved by programs that strengthen institutional and human capacity for good governance, and promote equality and inclusion in social and political processes. USAID programs will increase human rights monitoring and awareness, and mitigate trafficking in persons.

Finally, we will use DA and CSH funds to strengthen the capacity of institutions that are fundamental to conflict resolution, lasting recovery, and transformational development. The program will strengthen the

Government of Nepal's (GON) ability to provide basic services to its citizens, thereby enhancing the legitimacy and effectiveness of local and national government and preventing a destabilizing withdrawal of essential services. This program will emphasize increased coverage of services to disadvantaged and marginalized groups, and increased community participation in decision making.

Direct U.S. support for the Royal Nepal Army's (RNA) efforts to contain the insurgency was limited in 2005 by the country's failure to meet FY 2005 democracy and human rights legal conditions for receiving Foreign Military Financing (FMF) following the King's actions on February 1, 2005. Continued allocation of FMF is critical, both for combating the Maoists and for the incentive it provides for the country to improve its record in human rights and democracy in order to qualify for FMF. The request for FMF in FY 2007 underscores that the United States remains committed to resuming more robust assistance to Nepal's security forces in their campaign against the Maoist insurgency once the political and human rights situation improves.

Building on the success of previous FMF support, which provided desperately needed basic military equipment, FY 2007 FMF funds will further improve the RNA's counter-insurgency capabilities. Specifically, FY 2007 FMF may be used to procure M-16A4 rifles, as the RNA plans to expand over the next several years in response to growing security needs. These rifles will replace antiquated Self-Loading Rifles (SLR) that have exceeded their service life, as well as other rifles that do not perform as well as the M-16A4. The M-16A4 rifles will also increase the RNA's military interoperability with U.S. and other coalition forces. FY 2007 FMF may also be used to support procurement of secure communications equipment, medical equipment, body armor, and training.

In FY 2007, International Military Education and Training (IMET) funds respond directly to the threat posed by the Maoist insurgency. IMET assistance continues to develop the RNA's ability to conduct disciplined military operations following the rules of engagement that respect the rule of law, international human rights standards, and democratic values. The RNA is expanding in personnel strength, and increased IMET resources are necessary to help improve the professionalism of officers and non-commissioned officers (NCO), as well as provide organizational management training to help the RNA accommodate an increasing operational tempo and growing force structure. The requested amount will support three mobile training teams to train RNA personnel in intelligence support, operational planning, medical care, and the law of war in a counter-insurgency environment; professional military education and senior service school courses; technical and management courses; and English language training.

Nepal will be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The provision of EDA will support Nepal's counterinsurgency capabilities and improve the RNA's counterinsurgency capabilities by providing spare parts and operational and maintenance support.

Nepal is facing a renewed challenge from the Maoist counterinsurgency. The Maoists declared an end to the 4 month old ceasefire on January 4, 2006. Since then, numerous attacks and bombings on military and civilian targets have occurred. FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Anti-terrorism Assistance (NADR-ATA) will fund a CT program that responds to these challenges by providing assistance and training to Nepal while respecting the prohibition on providing lethal assistance to the government. The courses that will be programmed for Nepal for FY 2007 will help Nepal to minimize the loss of life following any incidents and strengthen law enforcement institutions. In addition, FY 2007 NADR-Terrorist Interdiction Program (NADR-TIP) funding will further fund activities to help Nepal control its borders, as border controls are not yet very advanced, through the installation of the U.S. Terrorist Interdiction Program's Personal Identification secure Comparison and Evaluation System (PISCES). PISCES is a software application tailored to each country's specific needs which provide border control officials at transit points with information that allows them to identify and detain or track individuals

of interest. Nepal is included in the TIP/PISCES program in order to cooperate on tracking terrorists and persons related to terrorism. This program will be helpful in assuring that Nepal does not become a terrorist safe haven.

**Pakistan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	21,000	32,172	21,700
DA	29,000	40,590	29,000
ESF	297,600	337,095	350,000
FMF	148,800	297,000	300,000
FMF-SUP	150,000	-	-
IMET	1,885	2,024	2,075
INCLE	32,150	37,620	25,500
NADR-ATA	6,051	6,100	8,590
NADR-CTF	-	-	100
NADR-EXBS	1,000	700	600
NADR-TIP	900	1,000	1,000
P.L. 480 Title II	-	3,427	-

A strong long-term U.S.-Pakistan partnership remains critical to continued progress in the global war on terrorism and to regional stability. Assistance supporting education, healthcare, democratization, and economic development will help to strengthen social, political and economic institutions in ways that will be recognized by ordinary Pakistanis and encourage them to choose moderation over extremism. Additional assistance to Pakistan will be specifically earmarked for humanitarian relief and reconstruction following the October 8, 7.6 magnitude earthquake that left 73,000 dead and millions of people homeless. FY 2007 security assistance will enable Pakistan to meet its basic security needs; enhance its ability to cooperate in the global war on terrorism; eliminate terrorists including al-Qaida members; and promote stability on its borders.

Pakistan is a front-line state and firm ally in the global war on terrorism. Pakistan's support has been, and remains, critical to U.S. success in apprehending al-Qaida, Taliban and other terrorists. Since September 11, 2001, Foreign Military Financing (FMF) has provided or helped maintain necessary training and equipment for Pakistani forces operating against al-Qaida operatives, Taliban remnants and other militants. Improved border security and control along Pakistan's border with Afghanistan is also required for this effort. There have been and continue to be significant military operations along the Pakistan-Afghanistan border which have resulted in the capture or killing of several hundred foreign terrorists and militants. The Pakistani military and security agencies were instrumental in recent high-profile captures of known terrorist leaders, including in 2005 the top al-Qaida commanders Abu Faraj al-Libi and Ahmad Hussain Farooqi, and in the operation targeting Hamza Rabia.

After years of U.S. sanctions, the majority of U.S. security programs being implemented in Pakistan are directly related to winning the global war on terrorism, increasing interoperability, addressing its legitimate defense needs and cementing a long-term, stable relationship with Pakistan, a Major Non-NATO Ally. FMF assistance directly increases Pakistan's capability to secure its border. Increasing security will ensure Pakistan can more easily take the steps needed to make a lasting peace with its neighbors, Afghanistan and India. In the past year, Pakistan has taken major strides forward in improving relations with both.

FMF also helps the GOP to marshal the political will to weather domestic opposition to its counterterrorism efforts. In FY 2007, \$300 million in FMF assistance to Pakistan will continue to facilitate counterterrorism efforts, build closer military ties, increase interoperability and address legitimate defense

needs, while enhancing U.S. support for law enforcement, counterterrorism, and coordination capacity funded from other accounts.

As in the past, FY 2007 FMF will be used for force modernization through equipment upgrades and acquisitions. Recent improvements include the initiation of a helicopter aviation unit that will develop air assault capabilities; improved communications; night vision gear and upgrades; and spare and repair parts to existing weapons systems. Equipment to be purchased with FMF may include fixed and rotary wing aerial transport, communications, surveillance equipment, ground support equipment and vehicles. FY 2007 FMF will also be used to sustain and maintain U.S.-origin equipment to ensure flight safety and continued equipment operation. This equipment will have a direct impact on the war on terrorism, and will enhance U.S.-Pakistani interoperability.

In addition, there will be a need to implement follow-on support cases and advanced training cases for equipment currently fielded, as well as cases previously anticipated for FY 2006 but delayed. Some national funds may be allocated for these programs.

Pakistan will continue to be eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support U.S. objectives by increasing modernization, interoperability and standardization in the Pakistani military and improved participation in peacekeeping and counterterrorism operations.

Due to sanctions, Pakistan was unable to participate in International Military Education and Training (IMET) programs for about a decade ending in 2002, resulting in a large cohort of mid- to high-level officers without IMET training. The FY 2007 IMET request for \$2.075 million is necessary for those officers to catch up on training and build capacity. IMET will enhance the professionalism and leadership of Pakistan's current and future military leaders and develop respect for rule of law, human rights, and democratic values, such as civilian control of the military, critically important in a country that has experienced repeated military coups. Of course, IMET training will also enhance support for the global war on terrorism, and assist in providing expertise for effective management of the defense establishment through training in logistics, information management, infrastructure maintenance, financial management, and safety.

IMET will support professional military education for Pakistani officers; training at the Defense Institute of International Legal Studies on the principles of military justice, the rule of law, and the relationship of each to military operations; mid-level training in effective management of the defense establishment; and technical training, including maintenance training, and skill-level training courses needed to operate and maintain weapons systems. In FY 2007, IMET will provide an increased focus on defense acquisition and resource management skills. This level of FY 2007 IMET for Pakistan is critical, as these educational and technical training programs will also develop a professional Pakistani force dedicated to curbing terrorism and eventually willing to support civilian control of the military.

In FY 2007, \$25.5 million in International Narcotics Control and Law Enforcement (INCLE) funds will give operational support to law enforcement agencies, particularly Pakistan's Anti-Narcotics Force, for opium poppy surveys and eradication; expanding crop control programs in areas with new or increased cultivation; and supporting demand reduction programs. U.S.-supported road construction enhanced law enforcement accessibility and increased alternative crop development in the 1990s, nearly eliminating poppy production by 2000. However, instability brought to the region by the war in neighboring Afghanistan and turmoil in the NWFP allowed cultivation to expand again. The GOP is committed to reversing production increases in 2004 and 2005, and U.S.-assisted Pakistani enforcement agencies achieved major heroin and hashish seizures and increased operations against traffickers in 2005. These funds will be used to build roads in opium growing areas (particularly the non-traditional areas where



poppy cultivation began only recently); to facilitate monitoring and eradication; and to provide economic alternatives through farm-to-market access and development projects. This includes small irrigation schemes aimed at improving economic potential of newly accessible areas and encouraging cultivation of high-value crops and intensive farming. FY 2007 INCLE funds also will be used to introduce alternative crops, such as off-season tomatoes, particularly in the non-traditional areas.

Funding for the FY 2007 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR-EXBS) program is requested to support activities to assist Pakistan in correcting the deficiencies of its 2004 export control laws and its 2005 national control lists, formulating implementing regulations, and improving enforcement capabilities. More fully developed laws, regulations and licensing regimes are increasingly important as its economy develops and exports expand. Activities will be directed at nuclear licensing, interdiction and risk management training, as well as commodity classification assistance.

The FY 2007 NADR request for Pakistan also includes Anti-terrorism Assistance (NADR-ATA) funding to ensure that training programs being delivered to vetted, elite police units with a national mandate for counter-terrorism investigation and tactical operations can continue until they are fully trained and equipped. This includes training in sophisticated investigation techniques, weapons use, and Crisis Response Team (CRT) and Explosive Incident Countermeasures (EIC) courses with equipment grants. These units will be provided with mission-specific training to respond to and investigate terrorism in Pakistan. This training will be determined by needs identified by the ATA in-country training program, the GOP, and through assessments conducted by State Department's Diplomatic Security Bureau. This funding is critical to achieving a strong counter-terrorism capability and to ensuring that it can be independently sustained. In addition, the FY 2007 request to fund the NADR-Terrorist Interdiction Program (NADR-TIP) in Pakistan will provide upgrades to the watchlisting system software currently operating at eleven air, land and sea ports of entry, including the capability to process the new Pakistani machine readable passport. Funds will help sustain a communications infrastructure that facilitates rapid transmission of traveler data obtained at the ports of entry to the national headquarters facility, in order to permit data analysis and timely updates to watchlists. This technical assistance is crucial to support Pakistan's border security. Finally, NADR-Counterterrorism Finance (NADR-CTF) funds will support assignment of a Department of Justice expert to our Embassy in order to serve as a resident legal advisor, helping Pakistan's government establish the counter-terrorism finance infrastructure needed to dislodge the terrorist support base.

FY 2007 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) are requested to continue U.S. support for Pakistan's macroeconomic stabilization, to assist democratization efforts, public education, economic growth and health care. FY 2007 ESF funds will be provided as budget support to allow the Government of Pakistan fiscal flexibility to carry out economic and social reforms, recover from the October 8, 2005 earthquake, and expand poverty alleviation and education programs. ESF funds will also be used for programs that complement and multiply the effectiveness of DA and CSH-funded programs described below. ESF funds will also enable U.S. programs to expand and reach more poor Pakistanis, leveraging the support needed for Pakistan's cooperation in the global war on terrorism. ESF reduced Pakistan's U.S. bilateral debt by \$1 billion in FY 2003 and \$460 million in FY 2004. U.S. debt reduction and prior comprehensive donor debt rescheduling enabled Pakistan to reduce its total government debt from 89 percent of GDP in 2001 to 61 percent of GDP in 2005.

U.S. democracy assistance focuses on: helping Pakistani legislators become effective participants in the political process at national and provincial levels; supporting devolution of national-level functions by strengthening accountable and participatory governance at the local level, and; to strengthening civil society, political parties, and independent media.

FY 2006 ESF for democracy and governance will strengthen the Election Commission of Pakistan's oversight capacity in anticipation of the 2007 national elections, as well as continue to modernize and democratize political parties through training of party members. FY 2007 ESF will also support evaluation of the electoral process after national elections, and assist the Election Commission in Pakistan to address key shortcomings. Moreover, we will expand our decentralization program, by strengthening the planning and budgeting capacities of local governments in five more districts. DA and ESF will also provide technical assistance and committee system development in Pakistan's parliament. In addition, ESF will launch public information campaigns by local organizations on women's rights and build the capacity of legal sectors to address this issue.

To promote grassroots support for government reform, as well as U.S.-Pakistani counterterrorism cooperation, DA and ESF resources will stimulate and support economic growth and provide tangible benefits for ordinary citizens, especially the poor. FY 2007 DA and ESF will target underdeveloped and earthquake-devastated regions such as Kashmir and the parts of the NWFP. The FY 2007 ESF and DA request also expands 2006 microfinance efforts by supporting the diversification of financial services, including microfinance institutions, leasing companies and formal financial institutions. ESF will also invest in workforce development to increase private sector competitiveness, while DA will continue its arid agricultural productivity programs. At the national level, FY 2007 ESF will also provide budget support to the GOP to improve economic policy, macroeconomic stability and the business environment.

Pakistan's literacy rate ranks among the world's lowest and greatly hampers its economy's ability to develop and expand. Literacy averages 49 percent nationwide, and in remote tribal areas can be as low as eight percent for women. The dearth of good public schools forces hundreds of thousands of youths into schools teaching only religious subjects (madrassahs). Public sector spending on education has increased as the country emerged from its financial crisis, but remains low (1.9 - 2.2 percent of GDP). While Pakistan is responding to the need and has increased spending on education, much more needs to be done.

FY 2007 ESF and DA is sought to continue a successful \$100 million five-year education program to support the GOP's Education Sector Reform Program aimed at improving the quality of primary and secondary schools, especially in Baluchistan and Sindh. In addition, U.S. funds will support rebuilding schools in earthquake-affected areas, where thousands of schools were destroyed or damaged. U.S. funds also support grants to non-governmental organizations to improve early childhood education, increase parental and community involvement in schools, and ensure that teachers have adequate classroom materials. Efforts also include sponsoring a Teacher Accreditation Program in the Higher Education Commission; continuing the School Improvement Grant; reviewing the examination system; and continuing with school construction in the Federally Administered Tribal Areas (FATA), which adjoin Pakistan's border with Afghanistan. We will support pre- and in-service teacher training, with emphasis on child-centered methodologies. Adult and youth literacy education programs will target out-of-school youth and illiterate adults with a focus on women and girls. We will continue investing in vocational and technical education in order to improve workforce quality. FY 2007 DA and ESF funds will provide in-country scholarships to Pakistan's future leaders allowing them to earn bachelors, masters and PhDs and through the Fulbright Academic exchange program. DA-funded programs are showing results in the areas of NGO-delivered teacher training; rural in-service training; early childhood education; adult literacy; and community-school partnerships. 16,770 teachers/administrators have received training and are now using effective education/management plans.

Pakistan, with its high rate of population growth, lags other South Asian countries in almost all key health areas: maternal and infant mortality; safe, affordable family planning; and control of infectious diseases such as polio, tuberculosis, and hepatitis. FY 2007 CSH and ESF funds are sought to increase availability of maternal and child health services, especially in rural areas such as the FATA; improve the quality of health care at provincial and district levels through better management of health resources, especially for

maternal health by improving hospitals and health centers; and to maintain Pakistan's low HIV prevalence rate by increasing awareness, especially among adolescents and youth. These funds will also help control and prevent the outbreak of other infectious diseases by strengthening the overall immunization program, controlling TB, and improving water supplies and sanitation in communities throughout Pakistan.

FY 2007 will also require particular attention to earthquake reconstruction, with a focus on education, economic and social infrastructure and healthcare. ESF, DA and CSH resources will: increase access to health services in areas of greatest destruction; continue teacher training programs to rebuild lost workforce; help rebuild the lost healthcare workforce while strengthening the capacities of the public health community, and; rebuild the pre-earthquake livelihoods with activities such as vocational training, enterprise development and market restoration.

**Sri Lanka**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	300	-	-
DA	6,774	3,465	3,500
ESF	9,920	3,960	4,000
FMF	496	990	900
IMET	461	445	540
NADR-ATA	-	275	-
NADR-EXBS	-	300	200
NADR-HD	2,700	3,500	1,000
P.L. 480 Title II	1,996	-	-

The Government of Sri Lanka signed a Ceasefire Agreement and entered historic peace talks with the Foreign Terrorist Organization-designated Liberation Tigers of Tamil Eelam (LTTE) in 2002, after close to two decades of civil conflict. The LTTE walked out of formal negotiations in April 2003 and made veiled threats to return to war. The ceasefire continues to hold nominally, but recurrent violations (including the assassinations of pro- and anti-LTTE figures, alleged Army informants, and small-scale LTTE attacks on the military) continue to erode the integrity of the agreement. International observers fear that conflict could reoccur, setting back ongoing economic reconstruction in both government-controlled and LTTE-controlled areas.

While still struggling to recover from the damage of civil war, Sri Lanka suffered an equally severe blow with the December 2004 tsunami disaster. Sri Lanka's coastal areas, important for its tourist and fishing industries, have been devastated. Entire communities have been wiped away. As of December 2005, official death toll estimates in Sri Lanka were 35,322 dead, with 1,000,000 persons displaced. The tsunami also affected more than two-thirds of the country's coastlines and 13 political districts. In the affected areas, economic life had ground to a halt; businesses had collapsed. Economic recovery is still slow, hampered by increasingly rising costs of materials and labor, and a dearth of skilled labor. Millions of people have seen their families and communities torn apart. Considerable international financial support has been pledged for Sri Lanka's relief and reconstruction. The United States is playing a major role in assisting Sri Lanka following this disaster with the support of the tsunami supplemental funding. To affect longer-term sustainability, the U.S. assistance will build on ongoing programs for maintaining the frail ceasefire, rebuilding the war-torn areas, addressing disadvantaged groups, individuals with disabilities, harnessing economic growth opportunities in key industries to boost the tsunami-shocked environment and economy, developing programs for vocational training and education to enhance the workforce, integrating the North and East into the rest of the country, and achieving high rates of economic growth.

In FY 2007, Economic Support Funds (ESF), Democracy Assistance (DA) and Child Survival and Health (CSH) assistance will support democracy, economic growth and humanitarian assistance in Sri Lanka. ESF and DA funds will support the peace process in Sri Lanka through democracy and governance programs to foster political reconciliation, joint reconstruction programs that foster economic reintegration as well as social reconciliation, and economic growth programs. These programs are coordinated closely with the Sri Lankan Government's relief, reconstruction and peace-building efforts. Democracy and governance programs funded by ESF and DA will:

- support peace processes at the local and national levels;

- address the conflict by seizing critical windows of opportunity to preserve and strengthen democratic institutions that facilitate momentum for peace;
- promote decentralization and democratic processes at the local level;
- provide opportunities for non-violent dispute resolution;
- assist in the political party development of mainstream and non-mainstream political groups;
- support national and regional media training to improve the ethnically polarized media, which currently reports through a narrow ethnic lens;
- strengthen provincial legislatures, which are especially significant for the devolution of power in a possible peace settlement; and
- develop local mediation boards administered by the Ministry of Justice in the North and East.

Specifically, using FY 2007 DA and ESF funds, the our democracy and governance programs will strengthen civil society for a sustainable peace through the following activities: supporting district offices of the Peace Secretariat for Muslims; training political parties in conflict analysis; training communities in conflict mapping and peace-building methodologies; and establishing a computerized national voter register at the Elections Commission. We will also use FY 2007 ESF and DA funding to support peace and mitigate conflict, encouraging diverse groups to increase awareness of key post-conflict transition issues at the community level. These funds will support inclusive, collaborative local planning within communities, encouraging dialogues, debates and the dissemination of information through media in the national debate on power sharing and other transition issues.

We will utilize DA and ESF funds to strengthen the justice sector by training the Ministry of Justice's Community Mediation Boards in conflict resolution and community advocates as informal paralegals. We will also continue to provide technical assistance and training will continue to be provided to local government authorities in revenue collection, service delivery, and good governance, hoping to increase the level of citizens participating in local government meetings.

In 2007, ESF and DA funds will also support the Government's macroeconomic reform and promote economic growth and stability. FY 2007 DA funds will seek to improve economic policy and the business environment by reducing barriers to private investment opportunities based on lessons learned in 2006. Both DA and ESF funds will contribute to enhancing the competitiveness of selected industries and explore new ones. ESF and DA funds will also assist the GSL in implementing programs related to social responsibility.

Both ESF and DA will continue to help stabilize coastal economies devastated by the 2004 tsunami. "The Competitiveness Program" has supported the development of public-private strategic task forces, or "clusters", within eight industries that were responsible for 33 percent of the country's exports in FY 2005 and for employing more than 29 percent of the country's workforce. In FY 2007, we will continue to strengthen planning capacity at the national and local levels and increase public-private partnerships in solid waste management and water supply. These funds will also expand a bilateral education program that will build critical skills sets such as English language, ICT and problem solving, to improve the quality of the workforce.

Also in support of peace, our Humanitarian Assistance Program will use DA and ESF funds to continue to facilitate the social and economic reintegration of disabled civilians, children, and young people affected by conflict, as well as victims of torture and violence through capacity building in Sri Lankan social service institutions. Under this program, activities will provide services to children and families traumatized by violence; will develop foster care for child victims; will advocate policy change in de-institutionalizing children; and will develop the professional investigation methods of the Sri Lankan Police's Women and Children Desk. We will continue to fund prevention and preparedness activities for Avian Influenza, as

well as continue to implement the FY 2006 effort to reduce HIV/AIDS cases among most-at-risk populations.

Following the Presidential election and other Ministry of Defense changes, senior Sri Lankan officers continue strong support of U.S. strategic goals and programs. Sri Lanka continues to grant blanket overflight and landing clearance to U.S. military aircraft, routinely grants access to ports by U.S. vessels, and supports the U.S.'s tsunami relief efforts. In FY 2005, the former USCG *Courageous* was successfully transferred to the Sri Lanka Navy, which significantly improved Sri Lanka's ability to interdict illegal sea going activity. In FY 2007, Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds will further strengthen our military-to-military relationship. In FY 2007, \$900,000 in FMF will support: acquisition of additional EDA items, such as boots, helmets, radios, flack vests, Night Vision Goggles (NVG), etc., which help standardize and strengthen the Sri Lankan military services. Military communications and mobility equipment will also assist the military in the conduct of humanitarian assistance projects and participation in UN peacekeeping missions. FY 2007 FMF funds will also support improvements to defense and intelligence establishments and equipment for basic soldier safety and survivability.

In FY 2007, \$540,000 in IMET will assist to professionalize the Sri Lankan military at U.S. military training institutions and through mobile training teams. FY 2004 IMET funding for Sri Lanka sent 13 officers to professional military and technical schools in the United States. FY 2005 saw an increase to 19 officers. Continued IMET funding helps build the capabilities and competencies of officers and NCOs. FY 2007 IMET funds will also be used to improve and update NCO training at the various Sri Lanka NCO schools. In FY 1995, several Sri Lanka NCOs attended US Army NCO training for the purpose of establishing an NCO school. US Army NCO training has many new techniques, which will be taught to the Sri Lanka Army using FY 2007 IMET funds. U.S. and Sri Lanka Navy and Air Force NCOs will also participate to strengthen each of the Sri Lanka services NCO training techniques. IMET is required to help build a stronger Sri Lanka military that respects human rights, to counter LTTE terrorism, and to enhance interoperability, increasing Sri Lanka's ability to participate in U.S. and international military efforts, from the global war on terrorism to peacekeeping and emergency relief operations.

Sri Lanka is eligible in FY 2007 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will improve Sri Lanka's maritime interdiction capability by providing spare parts, operational and maintenance support, and communications equipment.

The United States began training the Sri Lankan military engineering battalion in humanitarian demining operations in August 2003. Non-proliferation, Anti-terrorism, Demining, and Related Programs/ Humanitarian Demining (NADR-HD) funds have sent two demining teams to Sri Lanka, which cleared 200,000 square meters of land. FY 2006 NADR/HD funds will continue capacity building for the Sri Lankan demining program, including mine detecting dogs and heavy demining equipment. FY 2007 Non-proliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR-EXBS) is requested to continue our recently initiated engagement and deliver weapons of mass destruction awareness and national control list activities, which are important given location and growth of Colombo as a major transshipment port.

**Tajikistan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	496	495	250
FSA	24,513	23,760	22,000
IMET	348	346	370
NADR-ATA	989	1,190	2,114
NADR-EXBS	300	600	800
NADR-SALW	200	-	-
P.L. 480 Title II	16,748	3,484	13,000

Tajikistan shares a porous border with Afghanistan that gives it special importance in the region in terms of interdicting terrorists and illegal narcotics. This small nation faces daunting challenges: its democratic institutions are underdeveloped and fragile and its economic growth is stunted by the effects of its 1992-97 civil war. U.S. assistance to Tajikistan has shifted from humanitarian assistance during the civil war to efforts that promote democracy, strengthen security and law enforcement capabilities, develop the investment climate, and improve social services. Tajikistan has supported the Global War on Terrorism (GWOT), Operation Enduring Freedom and Operation Iraqi Freedom unreservedly from the beginning, and continues to do so.

U.S. assistance seeks to enhance Tajikistan's territorial integrity and security, prevent the trafficking of narcotics, weapons, and persons, foster democratic and economic reforms, and address dire humanitarian needs. A stable, peaceful Tajikistan, secure within its own borders, will help prevent the spread of radical groups and terrorists, and increase the potential for development in the region.

FREEDOM Support Act (FSA)-funded health assistance includes a quality primary health care program that is working with the Ministry of Health to create a more cost-effective and equitable health care system. Other health programs include drug awareness and prevention, reproductive and maternal/child health, and small grants to non-governmental organizations (NGOs) active in the area of health. The effort to institute a family doctor system based on a successful Kyrgyz Republic model will continue in FY 2007. Infectious disease programs will continue to focus on fighting tuberculosis, malaria, and HIV/AIDS.

FSA-funded economic development programs combine support for small and medium-sized enterprises (SMEs), business education, microfinance, with support for policy reform efforts, including accession to the World Trade Organization, fiscal and banking reform, judicial and commercial law reform, and updating the country's land tenure legislation. Assistance to SMEs will seek to alleviate poverty through expanded business opportunities and employment creation, with a continuing focus on the volatile Ferghana Valley region. In this heavily agricultural country, FSA-funded technical assistance will also help specialists to better manage water and energy resources and improve farms' water management practices. The potential for hydro-energy generation and transmission is great in Tajikistan. With energy markets growing in Afghanistan and other countries of South Asia, FSA funding will continue to provide necessary technical assistance to Tajikistan, complementing similar U.S. efforts in the Kyrgyz Republic and Kazakhstan, in order to develop efficient and transparent energy generation and distribution systems.

Although the working environment for media and civil society development is increasingly difficult, FSA-funded democracy assistance will continue to support access to information via independent media and the development of civil society in Tajikistan by assisting a network of NGO support centers and community associations and through direct grants to NGOs. Democracy programs will also promote civic education in

high schools, work with the parliament to increase its effectiveness and responsiveness to citizen interests, and support legal education and associations. Nonpartisan political party development efforts will continue. An FSA-funded basic education program will continue to help counteract the decline in primary and secondary education, and better equip students with civic and labor-force skills. The program will train teachers in more interactive teaching methods, focused on integrating critical thinking skills into curricula and teaching materials. Other program goals include increasing parent and community involvement in schools, strengthening the capacity of school administrators, and improving school infrastructure.

Trafficking in persons remains a serious problem in Tajikistan. Through public service announcements and other means, a prevention program will inform the public about the risks and dangers associated with trafficking in persons. FSA funds will continue to support prosecution of traffickers, in cooperation with the Ministry of Internal Affairs. FSA-funded efforts to protect victims of trafficking will continue through support for victim repatriation and vocational training programs.

Tajikistan has committed to cooperate with the United States on countering terrorism, the proliferation of weapons of mass destruction (WMD), weapons technology and other illicit arms and drug trafficking. In 2005, the Russian Border Guard withdrew from the Tajik-Afghan border, opening up greater opportunities for illicit smuggling. To help the Government of Tajikistan address this in FY 2007, the United States intends to maintain funding for the Export Control and Related Border Security Assistance (EXBS) Program funded through the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account. The EXBS Program will continue to improve Tajikistan's export control system to detect, deter, and interdict WMD and other destabilizing technology, and will address specific challenges posed by the withdrawal of the Russian Border Guard. Technical workshops on export control enforcement and WMD awareness training will give the Tajik Border Guard and Customs Service a critical knowledge base for dealing with proliferation issues.

The NADR Anti-Terrorism Assistance (ATA) Program will continue to provide counter-terrorism training to Tajik law enforcement and other security personnel to bolster the country's ability to maintain security at home and to participate in the Global War on Terrorism.

NADR Nonproliferation of WMD Expertise funds provided through the Science Centers Program and the Bio-Chem Redirect Program will extend efforts to redirect Tajik scientists with WMD-relevant expertise into peaceful, economically sustainable work. U.S.-funded research is engaging Tajik scientists in fields of human and animal disease research, remediation of environmental damage including radioactivity, and Central Asia-wide seismic monitoring.

FSA-funded law enforcement and judicial reform efforts will continue to focus on institution-building, particularly with regard to efforts to enhance the Tajik Government's ability to interdict the flow of illegal narcotics out of neighboring Afghanistan. FSA funds will support the continued operation of the Tajik Government's Drug Control Agency (DCA), the provision of training and equipment for Tajik Border Guards to carry out counter-narcotics efforts, and support cooperation between Tajik law enforcement agencies and the U.S. Drug Enforcement Administration.

FY 2007 FSA funding will expand law enforcement development programs to improve the very poor state of Tajik law enforcement agencies' equipment, training, and practices to continue reform activities involving the judicial sector, the prosecutor's office, and to address terrorist financing and money laundering.

Tajikistan supports U.S. security interests and objectives. Tajikistan permitted U.S. and coalition forces to land and refuel in its territory while conducting operations in Afghanistan. It has also expressed support for the Proliferation Security Initiative. However, Tajikistan remains the poorest and least well equipped



military of the former Soviet Union. Tajikistan requires substantial assistance for military reform in all areas.

FY 2007 Foreign Military Financing (FMF) will provide equipment and communications capability for the light/mountain infantry battalion in the Fifth Mountain Brigade. Additional funds will be used to continue the development of a Tajik Peacekeeping Battalion.

In FY 2007, Tajikistan will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfers of EDA will assist Tajikistan to meet its defense requirements, further its interoperability with NATO, and assist in coalition activities.

FY 2007 International Military Education and Training (IMET) funds will be used to professionalize and Westernize Tajikistan's Armed Forces and improve Tajikistan's capability to support objectives of the Global War on Terrorism. IMET classes planned for FY 2007 include military professionalization and interoperability courses, special-forces courses, and English language training.

Continuing in FY 2007, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of Tajikistan. U.S. NGOs working with the U.S. Government in partnership with the Government of Tajikistan and Tajikistani NGOs will administer basic medical services and provide essential medicines, clothing and food to children, the elderly and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of the limited social welfare programs implemented by the Tajik Government.

## Turkmenistan

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	694	297	250
FSA	6,505	4,950	5,000
IMET	389	297	395
NADR-EXBS	-	400	300
Peace Corps	1,589	1,701	1,731

The United States has strategic and economic interests in helping Turkmenistan achieve political stability, independence, and integration into the global economy. However, the highly centralized and authoritarian rule of President Niyazov continues to limit the scope of U.S. assistance programs. Turkmenistan has the world's fourth largest gas reserves and significant oil reserves. U.S. assistance to Turkmenistan seeks to enhance Turkmenistan's stability and to promote security cooperation in the interests of both countries, while attempting to strengthen civil society and improve health care. The Government of Turkmenistan (GOT) is not currently receptive to democratic or economic reform, although it is cautiously interested in limited types of law enforcement and security assistance programs.

FREEDOM Support Act (FSA)-funded social sector programs focus on improving health care, controlling tuberculosis and other infectious diseases, preventing the spread of HIV/AIDS, and improving maternal and child health services. The GOT's positive response to maternal and child health efforts has led the United States to concentrate on models for reform, with encouraging results. In 2005, in response to the findings of a FSA-funded UNICEF health study, the Ministry of Health (MOH) requested U.S. assistance in adopting the World Health Organization (WHO) live-birth definition as a first step in improving neonatal care. The improved statistics resulting from this decision will help focus donor efforts to improve infants' chances for survival. The tuberculosis (TB) treatment success rate for 2003, the most recent year for which data is available, is 78.6%. This rate surpasses the U.S. Government target of 73.5%, but is still far from the WHO's global Direct Observed Therapy Short Course (DOTS) target of 85%. With U.S. support, the GOT approved a national TB control and prevention program, centering on the WHO-recommended DOTS strategy.

Due to the difficult environment for doing business in Turkmenistan, the U.S. Government continues a limited FSA-funded economic development program to provide technical assistance and training to entrepreneurs, agricultural producers, and self-governing associations. FSA assistance also supports seminars on commercial law to lawyers, law students and entrepreneurs. The Junior Achievement program will continue to provide education on economic principles and the fundamentals of doing business in market economies to Turkmenistan's youth.

While some small steps have been taken by the GOT in recent years to legalize certain forms of activity by religious and other non-governmental organizations (NGOs), the space for civil-society activity remains extremely limited. FSA assistance will continue to support civil society where possible, and work with grassroots citizen initiative groups outside the capital to make tangible improvements to the lives of ordinary citizens. Efforts to reach out to the next generation of Turkmenistan's leaders, with the goal of exposing them to democratic culture and values, will include exchanges, training, Internet access, and a scholarship fund for Turkmen students to attend the American University of Central Asia in Bishkek, Kyrgyz Republic.

In FY 2007, the United States intends to continue to provide assistance under the Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account in the areas of export control and border security, and preventing terrorism and weapons smuggling. The NADR-funded Anti-Terrorism Assistance Program (ATA) currently does not have an active program in Turkmenistan due to a lack of cooperation on the part of the Turkmen Government. These issues are of particular concern in Turkmenistan, which lies along centuries-old trade and smuggling routes between the North Caucasus and Southwest Asia. The NADR-funded Export Control and Related Border Security Assistance (EXBS) program will continue to enhance Turkmenistan's capabilities to deter, detect, and interdict the proliferation of weapons of mass destruction and other destabilizing technology through the establishment of a legal/regulatory framework, licensing system and enforcement mechanism for export controls.

While it has proven difficult to engage consistently with the GOT on many matters relating to the reform of law enforcement and the criminal justice sector, the United States has sought to move forward with FSA-funded law enforcement assistance programs where they are possible and where they serve significant U.S. interests. With an eye to addressing the flow of drugs over the border from Afghanistan into and across Turkmenistan, the United States plans to continue providing assistance with FSA 2007 funds to improve Turkmen forensic laboratory capabilities and narcotics detection training for law enforcement authorities; to improve border security along the Turkmen-Afghan border; and to reduce demand for drugs within Turkmenistan. FY 2007 FSA funding will support continued efforts in the area of counter-narcotics and support opportunities for expanded measures against trafficking in persons.

In FY 2007, very modest Foreign Military Financing (FMF) will enhance Turkmenistan's counterterrorism response capabilities by providing communications equipment for a rapid-response communications capability. The International Military Education and Training (IMET) program will continue to send Turkmen officers to the United States for professional military education, which will educate and expose Turkmenistan's Armed Forces and civilian officials to Western-style democracy, and the concepts of rule of law, human rights and free markets. Additionally, IMET funds will continue to support development of the resident English language instruction capability.

In FY 2007, Turkmenistan will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfer of EDA will assist Turkmenistan to meet its defense requirements, further its interoperability with NATO, and support coalition efforts.

**Uzbekistan**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FSA	31,495	17,820	15,000
IMET	-	594	95
NADR-ATA	2,408	-	500
NADR-EXBS	-	-	650
Peace Corps	1,328	-	-

Until recently, Uzbekistan has played a strategic role in the Global War on Terrorism, allowing U.S. and coalition forces operating in support of Operation Enduring Freedom the use of its airbase at Karshi-Khanabad (K2). However, since May, 2005, a series of events has severely tested the bilateral relationship. In May 2005, an unidentified group of armed men attacked a prison in Andijan which was housing local business men charged with “Islamic extremism.” In the aftermath, large crowds which had reportedly and variably gathered either to air grievances against the government or to listen to government officials were fired upon by government forces. It is estimated that between 178 and 700 civilians died at the hands of Uzbek troops. President Karimov identified the protestors as Islamic militants who had provoked the government’s violent response. The US and European Union both condemned the incident. Starting in June 2005, Karimov has repeatedly refused U.S. and European demands for a formal investigation of the tragic events at Andijan, exacerbating the divide between Uzbekistan and the United States. In July, 2005, the Government of Uzbekistan terminated the agreement allowing U.S. forces access to K2. The Government has not made any progress on democratic reform, placing further restrictions on the activities international and local non-governmental organizations (NGOs) and the media.

In 2004 and 2005, the Secretary of State declined to make the determination required in the Foreign Operations, Export Financing, and Related Programs Appropriations Act that Uzbekistan was making progress in meeting its commitments under the 2002 Strategic Partnership Framework. As a result, funding for some U.S. military, border security, and economic reform assistance programs planned for the central Government of Uzbekistan was reprogrammed to other uses.

In the economic arena, the Government of Uzbekistan managed to unify exchange rates and introduced current account convertibility in October 2003, but did so by placing severe limitations on retail and wholesale trade. These measures crippled the informal sector and left many thousands without employment and income. Similarly, in 2005, there was little progress on economic reform. The government’s restrictive trade regime has crippled the economy and the government urgently needs to rescind its draconian trade measures. Substantial structural reform is needed, particularly in the area of improving the investment climate for foreign investors and in freeing the agricultural sector from smothering state control. Continuing restrictions on currency convertibility and other government measures to control economic activity have constrained economic growth and led international lending organizations to suspend or scale back credits.

U.S. assistance to Uzbekistan seeks to diminish the appeal of extremism by bolstering civil society and urging respect for human rights, improving management of natural resources, and helping relieve human suffering. U.S. assistance programs to Uzbekistan focus on working with the people of Uzbekistan on democracy, human rights, micro-credit, agribusiness development, health and education reform, water use management, and community development. Grants to local organizations have been hampered by Government of Uzbekistan banking regulations that sometimes slow or prevent the transfer of funds.

Increasingly suspicious of NGO activity, the Uzbek Government forcibly closed approximately 2,000 local NGOs in 2005.

FREEDOM Support Act (FSA)-funded assistance will continue to strengthen primary health care, fight infectious diseases including HIV/AIDS and tuberculosis, and improve maternal and child health services. A natural resources management program will seek to improve Uzbekistan's management of its water and energy resources. The program includes equipping and training new irrigation system operating agencies, helping to maintain water users' associations, and improving the policy and regulatory framework for management of water resources. Natural resources assistance is improving water-usage efficiency and mitigating the potential for conflict over regionally shared water. FSA-funded programs designed to improve the environment for the growth of small and medium-sized enterprises (SMEs) will include business training and advisory services, accounting reform, micro-finance, and strengthening of economics and business education in higher education institutions.

Although the working environment is increasingly difficult for civil society, FSA-funded democracy assistance will continue to pursue the longer-term goal of building constituencies for democratic reform among the broader population. The main priorities for this assistance include promoting human rights, increasing access to information, assisting the development of independent political parties, assisting in the professional development of young lawyers and the provision of legal aid to citizens, and enhancing civic participation by maintaining elements of independent media and the NGO sector.

FSA-funded democracy assistance will continue to support NGOs as they face increasing pressure from the government. The United States will also continue to assist independent television and radio stations throughout the country through production grants, training opportunities, and legal defense. While no independent parties were able to participate in the December 2004 parliamentary elections, the U.S. will continue, in the hope of encouraging democratic development, to provide training and technical assistance to reform-oriented movements and officially registered parties.

Security and law enforcement assistance to the Government of Uzbekistan is balanced by U.S. concerns about Uzbek security agencies' involvement in the Andijan tragedy, U.S. policy and strategic interests, and by legislative requirements, including Leahy vetting procedures. Uzbekistan continues to face terrorist attacks by the Islamic Movement of Uzbekistan (IMU) and other extremist groups. A suicide bomber from the Islamic Jihad Union (IJU) attacked the U.S. Embassy in the capital Tashkent in July 2004. Uzbekistan requires military assistance to combat these threats within its territory and at its borders, as well as assistance for general reforms aimed at Partnership for Peace (PfP) cooperation and NATO interoperability. FY 2007 security assistance will focus on maintaining limited military cooperation between Uzbekistan and the United States, as well as with NATO and Uzbekistan's Central Asian neighbors through the Warsaw Initiative and Uzbekistan's participation in PfP. The establishment of responsible Uzbek forces, trained in international standards of conduct, capable of interdicting trafficking in weapons, persons, and narcotics, and combating the threat of terrorism will contribute to U.S. interests and regional security.

In FY 2007, Uzbekistan will once again be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Transfer of EDA will help Uzbekistan meet its defense requirements and further its NATO interoperability.

FY 2007 IMET funds will be used to Westernize Uzbekistan's military, develop a professional military education system and a strong non-commissioned officer corps, and to deliver robust programs in the areas of mountain training, infantry training, special forces training, border security training, civil-military relations, emergency and disaster response, and English language training.

Uzbekistan is a transit country for narcotics produced in neighboring Afghanistan. The United States is cooperating with the Uzbek Government in the interdiction of illicit narcotics and in the denial of illegal revenues from such drug smuggling for use as financing by terrorist groups. In Previous years' FSA law enforcement funding is supporting counter-narcotics interdiction efforts by Uzbek law enforcement agencies and is improving these agencies' capability to cooperate with the U.S. Drug Enforcement Administration. FY 2007 funding will continue efforts to improve the treatment of suspects and prisoners and to prevent the use of torture in law enforcement.

Redirection programs for former weapons scientists under the FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts will increasingly focus on funding individual scientists to conduct research that is self-sustainable through commercial or other peaceful means. The NADR-funded Export Control and Related Border Security Assistance (EXBS) program will improve Uzbekistan's capacity to prevent the proliferation of weapons of mass destruction (WMD) and other destabilizing technologies by enabling the Government of Uzbekistan to detect, deter and interdict illicit trafficking in such items and transfers to end uses and end-users of proliferation concern. The EXBS program in Uzbekistan will provide assistance to support nonproliferation objectives, which include licensing and legal/regulatory technical workshops, and detection and interdiction equipment and training for customs and border guards.

The NADR Anti-Terrorism Assistance (ATA) Program will continue to provide regionally funded counterterrorism training to Uzbek law enforcement agencies to help Uzbekistan respond to terrorist threats and improve Uzbekistan's capacity to participate fully in the GWOT. The regionally funded NADR Science Centers and Bio-Chem Redirect programs engage Uzbek former weapons scientists through the Science and Technology Center in Ukraine (STCU), a multilateral nonproliferation program focused on preventing the proliferation of WMD expertise by redirecting former weapons of mass destruction scientists to peaceful and sustainable activities. The Bio-Chem Redirect Program provides funding to the U.S. Departments of Agriculture and Health and Human Services, and the U.S. Environmental Protection Agency to engage priority scientists in collaborative civilian research programs. Collectively, these NADR programs are funding research on arid land agriculture, seed crop development, animal health, water quality, and endemic diseases such as malaria and cholera.

Continuing in FY 2007, FSA-funded humanitarian programs will provide critical medical and emergency help to impoverished persons in underserved and remote areas of Uzbekistan. U.S. private voluntary organizations working with the U.S. Government in partnership with the Government of Uzbekistan and local NGOs will administer basic medical services and provide essential medicines, clothing and food to children, the elderly and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in populations beyond the reach of the limited social welfare programs implemented by the Uzbek Government.

## Central Asia Regional

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FSA	2,000	1,703	1,570

The countries of Central Asia are critical allies in the Global War on Terrorism and the region is an important potential source of world energy supplies. At the same time, Central Asia faces pervasive poverty, authoritarian rule, political repression, serious health issues, and the potential for extremism.

The regional nature of Central Asia's development challenges requires coordinated and integrated U.S. assistance. All countries in the region have a vital stake in improving regional management of shared water resources, which are absolutely essential to the agricultural sector and energy supply sector. The ecological problems posed by the disappearing Aral Sea also have regional consequences. Health issues are rapidly becoming regional in nature. The incidence of tuberculosis, HIV/AIDS, and drug use has increased dramatically in all countries of Central Asia. Although regional trade is essential to Central Asia's overall economic development, many barriers to cross-border trade continue to exist and are particularly difficult to overcome. Risk of regional conflict mounts as communities across artificially-made national borders share scarce resources and face unemployment.

To meet these challenges, U.S. regional assistance to Central Asia is designed to work across borders to foster the growth of small and medium enterprises, promote civil society, expand access to information, fight infectious diseases, encourage better use of the region's water and energy resources, expand access to basic education, mitigate conflict, and address other cross-cutting issues within the region. Regional resources will complement country resources to allow for multi-country expansion of activities supporting regional objectives.

## South Asia Regional Fund

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	992	990	2,000

South Asia’s Muslim population of 460 million is the largest concentration of Muslims in the world and spans seven countries: Pakistan, Afghanistan, Bangladesh, India, Nepal, Sri Lanka, and the Maldives.

In recent years, as a key component of the war on terrorism, the United States has redoubled its efforts to help Muslim countries and populations mitigate the conditions that breed extremism as well as the perceptions that feed extremism. While close to 45 percent of U.S. development and Economic Support Funds (ESF) programs for South Asia and close to 50 percent of U.S. public diplomacy resources for South Asia address one of these two goals, we continually seek to cross-fertilize successful efforts between countries, and are searching for new areas or methods that can inform our larger bilateral programs.

The South Asia Education, Democracy and Development in South Asia (EDSA) program is assisting in finding ever more effective ways to address the issue of extremism through small, innovative pilot and multi-country projects in the areas listed below. Reform in the first three areas listed below is crucial to overcoming the lack of education, isolation, political exclusion and deprivation that have fostered extremism. The fourth area of focus, conflict mitigation, reflects the need to address tensions between significant Muslim populations and other ethnic populations in India, Sri Lanka and Kashmir.

- Education and public information that promote economic opportunity and effective citizenship: Including curriculum broadening or teacher training in receptive public and private schools in order to enhance tolerance, critical thinking, problem-solving, and employment skills; exchanges and training for Islamic scholars and educators; and literacy and job skills training for Muslim women and unemployed Muslim youth. Key results thus far include a project introducing child-centered learning in classrooms throughout Pakistan which has increased parental engagement and allowed educators to foster democratic thinking and participation in their schools. (Pakistan/Bangladesh/Afghanistan)
- Democracy projects that foster government accountability and citizen participation: Including small grants to NGOs in Muslim population centers for grassroots democracy and civic education projects; and innovative, multi-country pilots for legislative training, independent election commission strengthening, political party reform, civil society development, independent media, and human rights projects. Key results thus far include a civil education project in Pakistan and Bangladesh in which educators in middle school classrooms help students to identify local public policy issues and work with community leaders to create solutions. This has allowed many villages to obtain their first garbage collection trucks, for schools to get much needed speed bumps to provide for student safety and for schools to open and/or expand libraries. (Afghanistan/Pakistan)
- Economic projects that address poverty and regional instability: Including projects that promote regional cooperation; local community-led health and development projects with a civic education component; and micro-enterprise or employment-generation projects in Muslim population centers. Projects funded thus far include training for community leaders, including imams and mullahs, on secular topics from local enterprise and health to women’s rights and anti-trafficking awareness (Bangladesh); and support for a region-wide Muslim women’s rights network. Key results include a successful Imam training program in Bangladesh which trained community leaders on development,



women's rights, human rights, trafficking in persons issues and the importance of promoting moderation.

- Conflict mitigation, reconciliation and confidence-building projects: Including small-scale health, employment- generation, education and civil society projects with Muslim populations in Sri Lanka and India, and possibly in Kashmir. Key results include a program that brought 16 youth participants aged 14-17 from Afghanistan in the summer of 2005 for a three week summer camp in Maine to focus on conflict resolution and leadership skill-building with fellow Indian and Pakistani youth. At the program wrap-up session, students recalled how they have overcome their biases toward one another and have discovered how their similarities far outweigh their differences. Each participant expressed commitment toward working to bring their nations closer together.

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# WESTERN HEMISPHERE

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**Argentina**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	-	49	40
IMET	1,119	1,089	1,135
NADR-ATA	125	216	50
NADR-EXBS	50	550	200

The top U.S. priorities in Argentina are to promote economic growth, strengthen democratic institutions, and improve good governance practices. Argentina participates actively in hemispheric institutions and assumed a non-permanent UN Security Council seat in 2005. The Government of Argentina (GOA) has supported U.S. security goals through participation in international peacekeeping operations and by advocating the non-proliferation and interdiction of weapons of mass destruction (WMD) on the global and regional level. Argentine security services cooperate closely with the United States on counterterrorism and counternarcotics activities. Continued assistance to the GOA is crucial to advancing our objectives of strengthening Argentina's peacekeeping, counterterrorism, and counternarcotics capabilities.

Foreign Military Financing (FMF) will assist Argentina's armed forces in bolstering their peacekeeping capacity through the development and maintenance of a communications capability with coalition forces. FMF will also support peacekeeping training and deployment and provide upgrades and spare parts for vehicle, aviation, and naval equipment. Funds will also provide C-130 logistical support and improve the Argentine military's ability to respond to natural disasters.

The International Military Education and Training (IMET) program continues to contribute to our efforts to build a professional, appropriately-sized military dedicated to the rule of law, subordinate to civil rule, and which demonstrates respect for human rights. IMET trains civilian experts to effectively administer the Argentine defense establishment and promotes regional stability by encouraging expanded Argentine involvement in civilian-to-military and military-to-military contacts with the United States. IMET courses increase Argentine interoperability with U.S. and NATO forces and strengthen Argentine capabilities to contribute to UN peacekeeping missions. As South America's third largest contributor of troops to international peacekeeping operations, training in peacekeeping further encourages Argentina's participation in these activities. Argentina will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment received under this program will enhance interoperability and continued cooperation with the United States, NATO and other partners in peacekeeping operations.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) brings Argentine officials to the United States for valuable briefings and training. In addition, the United States continues to promote training and exchange programs with Argentine law enforcement and judicial authorities to reduce international crime.

The trafficking of Colombian heroin through Argentina and Uruguay via commercial air carriers and couriers to the East Coast of the United States remains a threat. Colombian cartels have increased their use of organized Mexican transit groups to move large amounts of Colombian heroin from Uruguay and Argentina to the Mexican border, for further distribution in the United States. In 2005, DEA and GOA seized 1.5 tons of cocaine that was smuggled via Argentina's ports and waterways into Europe. To combat this problem, International Narcotics, Crime, and Law Enforcement (INCLE) funding trained police for interdiction activities. Such training has bolstered Argentina's counternarcotics capabilities, as evidenced

by a significant increase in drug seizures in 2005, surpassing two tons of cocaine, the largest amount seized since 1995. According to Argentina's Secretariat for the Prevention of Drug Addiction and Counternarcotics Programs' (SEDRONAR) drug seizure statistics, cocaine seizures for the first three quarters of 2005 increased by 66 %, as compared to the same period in 2004.

**Bahamas**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	99	99	80
IMET	341	386	225
INCLE	992	495	500
NADR-ATA	734	1,532	-

The United States has a strong interest in a cooperative and stable partnership with The Bahamas due to its proximity to our borders, as a major destination for U.S. visitors, and the prominent role it plays in regional organizations such as the Caribbean Community (CARICOM). U.S. priorities in The Bahamas include: ensuring the safety and security of approximately 30,000 U.S. permanent residents and more than 4,000,000 annual American visitors; stopping the movement of illicit drugs and illegal migrants through the Bahamian archipelago; combating international financial crime; and encouraging The Bahamas' constructive leadership role in promoting democracy, stability, free trade, and economic prosperity in the Caribbean region. The Bahamas has expressed willingness to cooperate on several programs promising greater security to the United States, including the Container Security Initiative (CSI), Megaports, and the Proliferation Security Initiative (PSI).

The Bahamas, the Turks and Caicos Islands, and the United States are partners in "Operation Bahamas and Turks and Caicos (OPBAT)," an international, multi-agency drug interdiction effort that has reduced the amount of cocaine destined for the U.S. that passes through The Bahamas from nearly 80 percent in the 1980's to under 10 percent today. Program participants cooperate in missions against suspected drug traffickers and frequently undertake search and seizure operations. Although the interdiction of illegal migrants is not a specific mandate of OPBAT, drugs and illegal migrants often are linked, and therefore OPBAT helps disrupt migrant trafficking. In 2005, the U.S. and The Bahamas interdicted more than 4,000 illegal migrants. International Narcotics Control and Law Enforcement (INCLE) funding provides operational support, training and equipment for Bahamian drug enforcement operations and investigations. INCLE funding also supports go-fast interceptor boats provided to the Bahamian police, contributes to the operation of three OPBAT facilities in The Bahamas, and supports legislative and policy reform to enhance the effectiveness of the Bahamian government in combating narcotics trafficking.

The Bahamas is a major offshore financial center. The Bahamian government is committed to countering the threat illegal drug trafficking, money-laundering, terrorism financing, and other financial crimes pose to its sovereignty and banking industry. INCLE funds will continue to support training and workshops to assist The Bahamas combat these crimes. The United States works closely with Bahamian officials to support anti-money-laundering efforts and to encourage the Bahamian government to seize more effectively drug traffickers' assets. The Financial Action Task Force removed The Bahamas from its list of officially monitored countries in 2005.

Foreign Military Financing (FMF) funds will improve maritime interdiction capability by providing spare parts, training, operational and maintenance support, and communications equipment and by improving infrastructure. The Royal Bahamas Defense Force (RBDF) will receive individual and unit equipment, weapons, ammunition, and training so that it can fully support enhanced interdiction and better control its borders. International Military Education and Training (IMET) will help develop a more professional and efficient security force by providing Bahamian military personnel courses in basic military and maritime training and attendance at the Naval Staff College. The Bahamas is eligible in FY 2007 to receive Excess

Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will promote counterdrug efforts, maritime support, interoperability, and modernization of equipment.



**Belize**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	698	198	175
IMET	308	198	245
Peace Corps	1,793	1,855	1,869

United States assistance to Belize focuses on combating criminal activity, implementing counternarcotics programs, and protecting the country's national parks and nature preserves. Improving the administration of justice, fighting corruption, and making the police more effective will create better conditions for U.S. investors and traders and for the almost one million U.S. citizens who visit Belize each year.

Because of its proximity to the United States, its long coastline dotted with many islands and inlets, and its geographical position linking Central American and Caribbean states, Belize is an ideal transit point for illicit drugs headed for the United States. Easy access to the United States and Mexico makes Belize an attractive staging area for other international crimes as well. It is a market for vehicles stolen in the United States, a hide-out for U.S. fugitives, a potential site for money laundering, and an origin point for smuggled wildlife, artifacts, and contraband goods. International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funding has been successfully used to provide training and assistance to combat drug organizations; facilitate the collection and dissemination of counternarcotics intelligence and the interdiction of illicit drugs; improve Belize's ability to deter and detect money laundering; and upgrade its passport security and border controls. It also helped establish the new Coast Guard. In FY 2007, INCLE funds will help develop a forensic lab and the investigative capability of police and prosecutors.

International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs will provide training and equipment to maintain a small, but disciplined, Belize Defense Force (BDF) and the newly-established Belizean National Coast Guard. BDF troops served with the CARICOM in Battalion peacekeeping operations in Haiti and participated in regional training exercises with U.S., British, and Caribbean forces. IMET in the areas of mid-level officer training and equipment maintenance, as well as the rule of law and discipline in military operations, greatly improves the professionalism and competence of the BDF and the Coast Guard. This will make the BDF a more effective partner when operating with U.S. forces in joint exercises and operations, particularly in the counterdrug area. FMF assistance will focus on improving logistical support for the BDF and providing the weapons, ammunition, spare parts, maintenance, and training needed to improve the capability of BDF forces at the company level. FMF will also provide spare parts and communications equipment to the Belizean National Coast Guard. Belize will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The provision of grant EDA promotes interoperability and equipment modernization.

U.S.-provided assistance resulted in numerous benefits in 2005 in administration of justice, defense, and law enforcement, with the capture and extradition of 10 U.S. fugitives in 2005. In November 2005, when four tourists were lost at sea (three of whom were American citizens), search and rescue training provided through IMET funds and communications equipment provided through INCLE funds to the BDF and Coast Guard enabled Belizean rescue teams to find and safely return three of the four missing divers. Additionally, U.S. counternarcotics efforts helped Belizean authorities in September 2005 to seize 2,375 kilos of cocaine – the largest drug seizure in the country's history.

**Bolivia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	90,272	79,200	66,000
CSH	16,495	16,479	14,689
DA	8,186	10,091	10,000
ESF	7,936	5,940	6,000
FMF	-	990	25
IMET	-	792	45
P.L. 480 Title II	12,607	15,699	24,000
Peace Corps	2,955	3,128	3,080

The primary U.S. goal in Bolivia is to maintain our historical partnership on issues of common interest: strengthening Bolivia's democratic institutions, promoting economic and social development, and stopping the illicit production of coca and export of cocaine to the U.S. The election in late 2005 of a government that campaigned on promises that included decriminalizing coca and nationalizing private property pose challenges to Bolivia's relationship with the U.S., and we will require flexibility to protect our core interests. The USG will continue also to engage with the new government (as circumstances allow), the military and, particularly, the regional governments.

Bolivia's dire need for reform will continue despite its change in leadership. Bolivia's per capita gross national income is among the three lowest in the hemisphere, and it has failed to convince its distrustful populace of the benefits of employing modern economic practices. Full respect for human rights and a transparent judiciary remain goals rather than realities. Political disputes often end in violence and massive disruptions to citizen's daily lives. Social and regional fragmentation is worrisome. The country's borders are poorly safeguarded and not effectively monitored. Bolivia remains the world's third largest producer of illicit coca.

The new government has pledged to continue working against narco-trafficking. Andean Counterdrug Initiative (ACI) funding will continue disrupting cocaine production, trafficking routes, and the export of cocaine to the U.S. Requested funding will allow continuation of the work to identify and destroy illegal crops subject to forced eradication and to provide alternatives to coca farming.

Economic Support Funds (ESF) will promote trade capacity, competitiveness, democratic practices, strengthen municipal and regional governments, and further administration of justice reform. Development Assistance (DA) and Child Survival and Health (CSH) funds will increase economic opportunities, help incorporate the disadvantaged indigenous groups into the mainstream, and support GOB health-sector priorities. CSH funds will also support the Amazon Malaria Initiative; Avian Flu initiatives; integrated health, nutrition, and vaccination programs for children; and the decentralization of public health care services at the primary level.

Our principal objective for Foreign Military Financing (FMF) funding for Bolivia is to provide essential support to Bolivian Army military police battalions, counterdrug units, and a counterterrorist unit. FMF will be used to educate, train, and equip a Bolivian Military Police Command, as well as continue to increase the effectiveness of their counterterrorist and counternarcotics forces that support the global war on terrorism and other traditional national/internal security roles. These efforts will improve the capability of the Bolivian military to control remote areas, thus denying their use by terrorists, drug traffickers, and other

transnational criminals. FMF funds will provide individual equipment, vehicles, weapons, and ammunition; communications and data processing equipment; and support for field activities.

International Military Education and Training (IMET) funds will provide professional military education to key Bolivian military personnel, principally through attendance at U.S. military command and staff colleges, with a focus on civil-military relations, resource management, and democratic institution building. Bolivia will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA will support Bolivia's counternarcotics efforts, interoperability for international peacekeeping operations, and modernization of their armed forces.

**Brazil**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	8,928	5,940	4,000
CSH	8,710	3,069	5,985
DA	3,479	8,007	8,000
IMET	-	50	45
NADR-ATA	150	975	790
NADR-EXBS	50	75	200

Brazil is a regional leader and is seeking to expand its presence on the world stage. U.S. national interests in Brazil include promotion of sustainable economic growth and regional stability; expansion of free trade; control of international crime, terrorism, and drugs; poverty alleviation; environmental protection; and reduction of infectious disease. The United States and Brazil cooperate effectively on numerous issues of mutual concern, including promoting democratic values and stability, combating international crime, preserving natural resources, promoting efficient energy use, fostering trade and investment, and reducing hunger and poverty.

Brazil is the largest economy in South America and home to significant U.S. investment. Brazil is a major participant in World Trade Organization (WTO) negotiations and the Free Trade Area of the Americas (FTAA) process. Brazil's sound economic policies focused on fiscal responsibility, sound monetary policy, and structural reform over the course of three different presidential administrations have allowed it to weather several financial crises and are contributing to broad-based, sustainable economic growth.

Brazil is the only country that borders all three major coca-producing countries in the hemisphere making it an important transit country for illegal narcotics flows. Andean Counterdrug Initiative (ACI) will fund programs to improve the efficacy of local law enforcement, as well as diminish the local market for illegal drugs. ACI assistance has benefited the Brazilian Federal Police by helping them link their Special Investigative Units, resulting in real time intelligence sharing, which helped to coordinate efforts to combat the drug trade throughout the country. The USG successfully sponsored counternarcotics training for thirty trainers and their dogs to support regional operations and contributed to the success of Brazil's drug prevention education program - the world's second largest outside of the U.S., having trained nearly 5 million Brazilians using the DARE curriculum.

Development Assistance (DA) funds will increase benefits to rural poor and shape future land-use trends over large areas of Brazil, especially the Amazon, while continuing to mitigate the global impacts of climate change and biodiversity loss. Following advocacy by the USG, the GOB created 3.7 million hectares of newly protected areas and enlisted civil society in mapping out protected areas and planning strategies for sustainable forest use in newly designated "forest districts" along the Cuiabá-Santarem highway. Consolidation of this expanded conservation mosaic, now the largest expanse of protected tropical forests in the world at 25 million hectares, demonstrates how U.S.-supported partners are influencing large-scale development trends in the Amazon and integrating new conservation opportunities with on-going biodiversity partnerships with indigenous peoples.

DA funding will also be used to provide a mechanism for policy dialogue on Brazil's energy problems; implement a comprehensive training program; support the development of Brazil's relatively untapped renewable energy market; and foster the establishment of micro-credit programs and revolving funds. With USG assistance, an additional 1,375,000 people were connected to the national power grid under the "Light

for All Program” in 2005, including 65,000 people who gained access to renewable energy-based services as a direct result of USG interventions. U.S. assistance also resulted in the construction of the “Apertadinho” small hydro power plant (30MW) and two other similar facilities (20 MW each) in the Amazon Region. When completed, they will generate 7,750 short and long-term jobs, and avoid 1,500,000 tons of carbon emissions over a ten year period. By the end of the program, the number of Brazilians without access to adequate energy will be reduced by 30 percent and there will be an estimated 50 percent increase in Brazil's installed renewable energy generation capacity.

DA resources will help promote free trade and the participation of micro and small enterprises (MSEs) in trade-led growth, by working closely with Brazilian institutions that are directly concerned with this sector. In 2005 the USG selected four representative small producer clusters for technical assistance to improve access to export markets and competitiveness, resulting in over \$650,000 in exports being negotiated in 2005 and approximately 750 jobs created. By the end of the program, USG assistance will have contributed to an increase in the two-way trade involving small businesses, the development of a roadmap that will facilitate the entry of thousands of small companies into the global marketplace (primarily in the poor north and northeast), government policies more conducive to MSE trade, and a 15 per cent increase in trade-related MSE employment.

Brazil's large population, tropical location, and widespread poverty make it a focal point for the spread of infectious disease. Brazil's Health Ministry estimates over 600,000 Brazilians are infected with HIV and 135,000 with tuberculosis (TB). Brazil also has the highest number of malaria cases in Latin America. Child Survival and Health (CSH) funds will be used to reduce the transmission of targeted communicable diseases by expanding social marketing and behavior-change programs, addressing AIDS education in the workplace, strengthening NGOs, improving surveillance and research, and strengthening TB control. With USG assistance, more than 25,000 health professionals, including 800 laboratory technicians and 200 laboratory managers, have been trained. As a result of this investment, the national positive case detection rate has increased from 23 percent in 2003 to 53 percent in 2004. CSH funds will also support an At-Risk Youth Program aimed at improving disadvantaged youth job opportunities through technology-based and other market-driven training and enhanced employability skills. Over 60 per cent of the participants in the pilot projects have found viable jobs.

Brazil has substantial influence over the entire South American continent and its military actively participates in international peacekeeping and other multilateral efforts. International Military Education and Training (IMET) courses for mid-level and senior Non-commission Officers will support Brazil's efforts to modernize and professionalize its armed forces and help strengthen the principle of civilian control of the military. Other training in equipment maintenance and logistics will enhance Brazil's ability to maintain its inventory and further encourage Brazil's participation in international peacekeeping and humanitarian operations. In FY 2007, Brazil will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

## Chile

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	495	594	500
IMET	600	644	690
NADR-EXBS	-	470	200

Chile is a key partner of the United States in promoting the principles of democracy, human rights, and free trade. U.S. national interests in Chile include promoting prosperity and regional security through enhanced bilateral and multilateral economic and commercial ties, military cooperation, reform of the criminal justice system, and cooperation on a range of important regional and global issues in multilateral fora. U.S. security and regional stability are enhanced through U.S. support of Chilean participation in international peacekeeping operations and the interoperability of Chilean forces with U.S. and other peacekeeping forces.

International Military Education and Training (IMET) funding will contribute to Government of Chile (GOC) efforts to professionalize its armed forces and increase their interoperability with U.S. forces through the continuation of management training courses for mid-level and senior Non-commissioned Officers (NCOs). Training in equipment maintenance, logistics, and resource management will increase Chile's ability to maintain U.S. equipment in its inventory. Prior U.S. military assistance helped shape the Chilean military to make it more modern, professional, and willing and able to support U.S. security goals and operations. Their recent initiative to form a joint PKO unit with Argentina is another positive step in promoting security and stability. In FY 2007, Chile will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment received under this program will enhance interoperability and modernization of equipment, supporting Chile's continued cooperation with the United States and other countries in peacekeeping operations.

Chile is now, or has been, an important contributor of peacekeeping forces. Foreign Military Financing (FMF) will provide needed equipment to Chile's armed forces participating in peacekeeping operations, including helicopter upgrades and combat-support equipment. FMF will also support Chile's National Peacekeeping Operations Center, including the provision of specialized individual equipment and infrastructure improvements. FMF will also support counterterrorism units, including the establishment of a deployable nuclear-biological-chemical and mass casualty unit.

Chile is not a center for the production of illegal drugs, but increasingly serves as a transit zone for drugs bound for Europe and the United States and is a source of precursor chemicals. Additionally, Chile's proximity to producer countries such as Bolivia and Peru, its dynamic economy, and well-developed banking system combine to make the country vulnerable to money laundering. International Narcotics Control and Law Enforcement (INCLE) funds from the Latin American Regional account will assist Chile in implementing effective money laundering and precursor chemical controls, and enhance its own narcotics investigation, interdiction, and demand reduction capabilities.

**Colombia**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	462,767	464,781	465,000
FMF	99,200	89,100	90,000
IMET	1,700	1,683	1,680
NADR-ATA	5,118	5,318	3,090
NADR-HD	-	300	750
NADR-SALW	-	200	-
P.L. 480 Title II	3,419	-	-

With U.S. support, Colombia is transforming into a secure, democratic, and economically prosperous country capable of undertaking a greater role in the problematic Andean region. Continued U.S. support for this transformation serves U.S. interests in reducing the flow of cocaine and heroin to the U.S., overcoming the threat to Colombian and regional stability from terrorist organizations, protecting the welfare of a large U.S. citizen community, promoting human rights and international humanitarian law, enhancing our growing trade and investment ties, and developing important energy resources. Of continued priority concern are the three U.S. citizens who remain hostages of the Revolutionary Armed Forces of Colombia (FARC), designated by the U.S. Government as a Foreign Terrorist Organization (FTO). The U.S. is working closely with the Government of Colombia (GOC) to ensure their safe recovery.

The blueprint for Colombia's on-going transformation is the Government of Colombia's "Plan Colombia," a program to strengthen Colombian democratic institutions, promote respect for human rights and the rule of law, intensify counternarcotics efforts, foster socio-economic development, address humanitarian needs, and end the threats to democracy posed by narcotics trafficking and terrorism. Because their complex narcotics and terrorism challenges also threaten U.S. and regional interests, the USG has provided extensive support for Plan Colombia. The original Plan Colombia (1999-2005) was highly successful by all measures, but the job is not finished. Progress must continue. The GOC is therefore following up with a Plan Colombia Consolidation Phase (PCCP) for 2006-10 to build on and consolidate the progress achieved thus far. Colombian success has had the paradoxical effect of increasing the operational pace of all our programs and reinforcing the need for continued assistance in order to maintain the momentum. While providing continued support, the U.S. will continue to work towards the goal of nationalizing programs as Colombia increasingly assumes responsibility for its activities.

The draft PCCP discussed with the U.S. Government has three components that continue the most important elements of the original Plan Colombia. The fourth component, support for demobilization, is an important new activity contributing directly to achievement of the first three. The PCCP components are:

- Combating narcotics trafficking, terrorism and transnational crime;
- Economic and social reactivation;
- Strengthening institutions and the justice system; and
- Demobilization of illegal armed groups and the reintegration of their former members.

The USG agrees with the broad priorities contained in the PCCP plan, insofar as it has been made available. The GOC has been told that we will seek continued funding in consultation with the Congress through the Andean Counterdrug Initiative (ACI), as well as Foreign Military Financing (FMF), International Military Education Training (IMET), Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR), and other budgetary vehicles.

ACI funds will provide for counternarcotics programs including alternative development, humanitarian assistance, judicial reform, and institution building. The substantial investment and gains made by using ACI funds need to continue to maximize Colombia's drug interdiction and eradication efforts. Recent ONDCP reports of declining purity and increasing prices of both cocaine and heroin on U.S. streets, while too early to establish a trend, are promising. The Colombian National Police, with U.S. support, set a new record in 2005 for the aerial eradication of coca crops, spraying nearly 140,000 hectares of coca, and at least this level of spraying needs to continue in 2006 and 2007 in order to ensure that there is no resurgence in coca cultivation. Manual eradication will continue to complement aerial spraying in areas with adequate security. Thanks to increased Colombian participation in aviation activities, in FY 2005 the number of U.S. contractor pilots and mechanics was reduced by over 100. FY 2005 was also the first year since 2000 without a significant increase in the number of U.S.-supported helicopters or fixed-wing aircraft in Colombia, thus easing the need for new U.S. training programs.

Continued funding for alternative development, institutional building, and rule of law programs will be directed towards long-term projects that aim to create sustainable changes in the culture and economy and transfer program implementation and management capabilities to the GOC. The alternative development and institution building efforts include emergency and longer-term assistance to vulnerable groups and displaced persons, and programs promoting the rule of law, local governance, human rights, agribusiness and private sector development, trade capacity building, and economic policy reform. Our programs in Colombia have helped over 2,600 child ex-combatants, approximately over one and a half million displaced persons, and almost 900,000 other vulnerable persons to date. An estimated 64,000 families have received assistance through alternative development programs and over 1,000 infrastructure projects have been built using ACI funding. Reports published by the GOC and NGOs confirm that our human rights efforts are producing results: homicides in 2005 dropped to their lowest rate since 1987; kidnappings, extra-judicial executions and extortion all continued to fall.

Colombia's demobilization and reintegration programs represent a significant opportunity for bringing peace and stability to Colombia. The GOC is two years into an ambitious peace process with the United Self-Defense Forces of Colombia (AUC) intended to dismantle that paramilitary organization. More than 14,000 AUC members have disarmed and demobilized in groups, with the remainder expected to do within the first quarter of 2006. In addition, over 8,000 members of Colombia's FTOs have deserted and demobilized individually. Continued U.S. assistance will make a key contribution to the demobilization process.

Foreign Military Financing (FMF) funds will be used to continue support for Colombia's national security strategy, which focuses on extending central government authority and governance to areas heretofore prey to terrorists and narcotics traffickers. The United States will provide operational support (training, supplies, repair parts, maintenance, and infrastructure enhancements) and specialized items (weapons, night vision goggles, and communications equipment, etc.) to the Army. These funds will continue support for the battlefield medical evacuation program, the army's specialized and mobile units, and (at lower levels) the army's regular brigades and other units. Colombia's specialized units are at the heart of its national security strategy to secure national territory and regular units will be called upon to consolidate the gains made by the more mobile units.

Our 2007 request places greater emphasis on improving the logistics, maintenance, and training infrastructure of the Colombian armed forces, which will be critical to ensuring long-term success and increase the ability of Colombia to assume responsibility for USG-supported programs in the future. Units already trained by the U.S. to provide protection to the Cano Limon-Covenas pipeline - a key element of Colombia's economic infrastructure - will receive additional munitions, equipment and training to sustain this high profile and important mission. Support will also include maintenance for the national training center and developing an automated logistical system.



FMF will also support the Colombian Navy and Air Force, including: the provision of interdiction boats; additional combat aircraft; training and infrastructure improvements; and maintenance and operational support for Colombia's transportation fleet and helicopter program, improving the ability of the entire Colombian military to provide forces quickly for operations throughout the country. FMF funds will support naval interdiction programs by providing secure communications equipment, spare parts, and assistance to sustain an operations center. Riverine forces will benefit from spare parts and other logistical support. The Colombian military's efforts to execute its unified campaign against terrorism and narcotics trafficking will benefit from the establishment of an air intelligence network, a strategic communications network, and support for information operations. FMF funds will support these intelligence and information programs, including providing communications equipment, computers and training. Finally, FMF will continue to support reform of the military justice system.

The International Military Education and Training (IMET) program complements key U.S. objectives in Colombia by providing training for the Colombian military with a strong emphasis on human rights. Colombia will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Colombia supports our primary foreign policy objectives of counterterrorism and counternarcotics.

With NADR funding, USG programs will assist in addressing the rampant and well documented trafficking in illicit arms across Colombian borders. The support of the U.S. SA/LW destruction program of small arms and handguns will contribute to improving security in the region. NADR funding will also continue support for the successful Anti-Kidnapping Initiative (AKI). The AKI provides tactical and investigative training and equipment to the GOC's military and police specialized anti-kidnapping units (Unified Action Groups for Personal Liberty-Spanish acronym "GAULA"). The AKI is also developing an interagency database to collect, analyze, and disseminate information on kidnappings; upgrading Colombian training facilities; and enhancing Colombian interagency coordination. Our proposed program will continue training of GAULA units, and includes a "train the trainers" component, with the GOC assuming a greater share of expenses. As the GOC assumes more responsibility for anti-kidnapping training, it will move towards providing anti-kidnapping training and support to other countries in Latin America. NADR funding will also support continued development of training in Cyber Investigations and Hostage Negotiations, needed to improve the GOC's crisis management capabilities.

Finally, it should be noted that the GOC's own contributions for programs to counter narco-terrorism have grown markedly, but without coming at the expense of social programs. Colombia fulfilled its Plan Colombia commitments to increased public security funding every year. Real budgets, after inflation, have grown 30% since 2001. More than 140,000 National Police and Army soldiers have been added since 2000, with training and equipment support from the USG. Tax and pension reforms, as well as an improved economy, partly due to increased security, have boosted government revenues and enabled the Colombian government to increase security and social spending. The GOC's 2006 budget for educational, health, and social programs is \$12.7 billion, or nearly three times the \$4.48 billion provided for defense spending.

**Costa Rica**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	50	45
Peace Corps	1,747	1,794	1,843

U.S. national interests in Costa Rica are the promotion of trade and of a vibrant, diverse economy, increased counternarcotics cooperation, support for sustainable development, and sound environmental management – areas where Costa Rica has been a regional leader. The Government of Costa Rica (GOCR) has for decades proven itself to be a strong ally in promoting economic development and integration, human rights, and regional stability. Costa Rica has become a staunch U.S. partner in the fight against international crime, cooperating with U.S. law enforcement efforts in the region. The U.S.-Central America Free Trade Agreement will provide an important opportunity for Costa Rica to attract investment, create jobs, and deepen economic integration with its Central American neighbors.

As a relatively prosperous nation with a strong, diverse economy, Costa Rica benefits from fewer direct U.S. aid programs than most of its neighbors. Because of its peaceful history and its democratic traditions, the assistance the United States provides to Costa Rica is a sound investment. Costa Rica does not have a military, relying on its Public Security Forces for defense. International Military Education and Training (IMET) programs will professionalize the Coast Guard and law enforcement services through courses such as counterdrug operations, rule of law, and discipline in military operations and technical training. Likewise, as the GOCR assumes an increasingly sophisticated counternarcotics role, other training will provide access to modern, state-of-the-art law enforcement methods, as well as assistance in equipment maintenance, logistics, and resource management. Counternarcotics training will focus on operational skills, as well as on joint exercises to improve interoperability with U.S. forces. Costa Rica will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

The GOCR recognizes the growing threat it faces from narco-trafficking. International Narcotics Control and Law Enforcement (INCLE) funds from the Regional Latin America account support Costa Rica’s expanding counternarcotics programs, which amplify and reinforce U.S. hemispheric law enforcement efforts. In 2005 the GOCR seized a record-setting 6.7 metric tons of cocaine destined for the U.S. Costa Rica has also been a very cooperative partner on the law enforcement front, extraditing 59 fugitives to the United States since 1998, six of whom were extradited in the last six months of 2005.

**Cuba**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	-	1,980	-
ESF	8,928	8,910	9,000

The primary goal of U.S. foreign policy towards Cuba is to hasten the transition to a democratic, market-oriented government in Cuba. Our policy is based on six pillars: empower Cuban civil society; break the Cuban dictatorship’s information blockade; deny resources to the Cuban dictatorship; illuminate the reality of Castro’s Cuba; encourage international diplomatic efforts to support Cuban civil society and challenge the Castro regime; and undermine the regime’s “Succession Strategy.” U.S. national interests in Cuba also include protecting American citizens and controlling U.S. borders by ensuring safe, legal, and orderly migration from Cuba.

The USG will use State-administered Economic Support Funds (ESF) to implement the recommendations of the report of the President’s Commission for Assistance to a Free Cuba (CAFC). This report details a program to augment our current activities undertaken under Section 109(a) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, and seeks a more proactive, integrated, and disciplined approach to undermine the survival strategies of the Castro regime and contribute to conditions that will help the Cuban people hasten the dictatorship’s end.

ESF will also support USAID-administered programs with democracy and human rights groups. Funding will focus on organizations that disseminate information on democracy, human rights and market economies to the Cuban people (including those that provide humanitarian assistance to victims of political repression and their families). The key target groups for assistance will include women, Afro-Cubans, and youth as well as libraries, labor organizations, human rights groups, and other independent non-governmental organizations in Cuba. The U.S. will continue to seek international support from Latin America and Europe by working with third-country NGOs to raise awareness of Cuban government repression and to encourage third-country involvement in hastening a democratic transition in Cuba.

The FY 2007 request continues to focus on existing innovative programs designed to uphold democratic principles, support for democratic institutions, and promotion of human rights. Funding will support in-country training of civil society groups and members of the peaceful democratic opposition on how to expand their membership and scope of activities, with the goal of hastening a democratic transition.

## Dominican Republic

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	13,099	12,721	11,338
DA	7,372	7,065	6,009
ESF	2,976	1,980	12,000
FMF	992	941	725
IMET	1,194	1,287	1,085
NADR-ATA	111	239	979
Peace Corps	2,908	2,875	2,871

The U.S. has a strong interest in helping the Dominican Republic take advantage of the opportunities provided by the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and lay the groundwork for further economic recovery and sustained growth. A Dominican Republic with deepened trade ties to the United States will be an important advocate of prosperity in the hemisphere through free markets and free trade. The Dominican Republic can also be an important ally in U.S. efforts to help Haiti emerge from its current crisis and consolidate a democratic and stable government.

U.S. assistance to the Dominican Republic, through both Development Assistance (DA) and Economic Support Funds (ESF), is designed to strengthen governance, promote democratic systems, combat transnational crime, strengthen economic systems, and promote effective public health programs. U.S. efforts to strengthen governance in the Dominican Republic will continue to focus on fighting corruption and improving the criminal justice system. In recent years, U.S. support encouraged NGOs to push successfully for legislation to provide greater accountability over public spending. Continued support will encourage further such policy reforms to strengthen governance. U.S. programs will build also on successful ongoing efforts to improve the Dominican criminal justice system, which in turn will further a variety of security and law enforcement goals. Administration of justice projects will continue to focus on reforming police training practices, as well as build on its successes in reducing criminal case processing times and vastly expanding access to public defenders.

Instrumental in securing the Dominican Republic's ratification of CAFTA-DR in 2005, U.S. assistance will help achieve further improvements in the efficiency of the country's business regulatory system (which have cut in half the time needed to register a business, from 78 to 32 days) and promote CAFTA-DR implementation by expanding the benefits of free markets to vulnerable sectors of the economy. As the Dominican Republic works to meet Millennium Challenge Corporation criteria, ESF-funded rural development projects will help in the adjustment to CAFTA-DR.

U.S. assistance will also maximize the impact of relatively low levels of Dominican investment in health, education, and environmental protection - helping increase teacher effectiveness through material design, classroom training techniques, and building on existing programs to boost NGO and private sector involvement in the environment.

Because of high levels of Dominican emigration to the United States and high local levels of infectious diseases like HIV/AIDS, the United States has a direct interest in strengthening the Dominican public health system. Child Survival and Health (CSH) funds will continue a program that has already funded six outpatient clinics and tested 117,000 patients for HIV, improved the country's overall health care, and reduced the spread of HIV/AIDS and maternal and child mortality.

International Military Education and Training (IMET) funds will help secure close cooperation on a range of key security issues, including terrorism, narcotics, weapons, and illegal immigration. IMET funds are also a critical tool in ensuring that Dominican security forces follow internationally accepted norms on human rights and rule of law. The Dominican Republic will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

The Dominican Republic plays a key role in regional interdiction efforts in the Caribbean. The Foreign Military Financing (FMF) program enhances Dominican interoperability with U.S. forces. FMF funds will support two of the country's highest priorities: training and equipping new security units to control its border with Haiti, an initiative arising out of a 2005 border assessment study under the direction of the U.S. Army's Southern Command and maritime interdiction. FMF will support coastal patrol boats used in support of homeland security operations and provide tactical communications to facilitate coordination of the military's natural disaster response efforts. In addition, FMF will be used to enhance air force operations by providing support equipment and spare parts.

## Eastern Caribbean

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	1,113	889	775
IMET	591	764	765
Peace Corps	3,254	3,160	3,234

The seven island nations of the Eastern Caribbean share a language, culture, and a common set of vulnerabilities to natural disaster, economic dislocation, and threats to law and order and stability owing to their isolated location off South America's northern coast. The principal U.S. interest in Barbados, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines is to prevent and combat transnational criminal activity and terrorism, narcotics trafficking, alien smuggling, and financial crimes. As these Eastern Caribbean countries form a significant portion of our "third border" their exposure to transnational threats directly affects our homeland security.

A major U.S. goal in the Eastern Caribbean is to increase the capacity of national security forces of the region to deal with these transnational threats. The United States seeks to strengthen the national security organizations of seven Caribbean Regional Security System (RSS) member states to meet these challenges. With U.S. assistance, the RSS has taken on a more robust law enforcement role in recent years. Most recently, U.S. supply of air assets and supplies permitted the RSS to intervene effectively and restore order after a September 2004 hurricane devastated Grenada. Foreign Military Financing (FMF) funds will sustain maritime and ground service operational capabilities and readiness for counterdrug operations, illegal migrant interdiction, search and rescue, and disaster relief efforts. FMF provides a significant portion of the countries' Coast Guard funding, essential to the entire spectrum of security operations.

International Military Education and Training (IMET) funding and joint exercises will be used for professional military education, civil-military relations, and technical training. Five of the seven Eastern Caribbean nations will host matches of the 2007 Cricket World Cup, the third largest sporting event in the world. Securing this event will provide a unique coordination challenge for the security organizations and the RSS. FMF and IMET funds will provide needed support to future and ongoing programs developing and reinforcing the security organizations' capabilities in preparing and responding to possible threats during the event. The seven countries of the Eastern Caribbean will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used in the region to promote interoperability and modernization of equipment.

**Ecuador**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	25,792	19,800	17,300
CSH	-	-	2,000
DA	6,609	6,578	5,644
ESF	11,901	2,970	6,000
FMF	-	495	25
IMET	-	50	45
NADR-SALW	-	200	-
Peace Corps	3,051	3,155	3,080

Ecuador is a staunch U.S. ally against narco-trafficking and terrorist violence. It maintains a strong bilateral relationship with the U.S. on all issues, but suffers from endemic political instability and weak institutions. USG engagement will be vital to keeping the country on track in the face of regional and internal trends towards populist ideology and anti-Americanism. Our support will strengthen Ecuador's democratic institutions, promote economic prosperity, help the government address security concerns along its northern border with Colombia, combat narcotics, terrorism and human trafficking, and promote sustainable development.

Ecuador is not a significant narcotics producer, but its location between two source countries for coca and heroin poppy cultivation make it an important transit country for illegal drugs, precursor chemicals, and arms. The northern border's proximity to rebel-held Colombian territory, the lack of licit employment opportunities in that region, isolation from Quito, and poor governance, have also made the area ripe for narco-terrorist influence and recruitment. Continued U.S. involvement is key to encouraging border security cooperation between Colombia and Ecuador and essential to averting further spillover from Colombia and the rest of the Andes.

Andean Counterdrug Initiative (ACI) funding supports a range of programs that enhance the professionalism and counternarcotics capabilities of Ecuador's national police and military and improves living conditions in the vulnerable northern border region. Funding will provide tactical vehicles and equipment for northern border patrols and operations and coastal and riverine mobility, and logistics packages for all three services. Additionally, funding will support operations and maintenance of fixed and rotary-wing logistical aircraft. ACI funds will bolster GOE land and coastal patrolling to counter use of Ecuador for the transshipment of narcotics, precursor chemicals, arms, and migrants (including special interest aliens), and other illegal activities.

To complement this assistance to Ecuador's security forces, ACI funds will mitigate the economic allure of the illegal drug industry by supporting economic development programs in areas that are a particular risk. The provision of water systems, roads, and bridges; support to local governance; and other activities will provide income and employment opportunities to improve the quality of life for thousands of economically and socially disadvantaged people along Ecuador's vulnerable northern border with Colombia.

Controlling Ecuador's northern border is key to preventing the spread of narcotics production and its associated violence from Colombia. Foreign Military Financing (FMF) will support the quick reaction and maritime forces responsible for controlling that area. FMF funds will be used to provide individual equipment, repair parts, and specialized equipment to address deficiencies of units operating along the border. FMF will also provide tactical vehicles, communications equipment, equipment to enhance coastal

and riverine mobility, and logistics packages for the armed forces. FMF will also support operations and maintenance of logistical aircraft. Ecuador has sent peacekeeping troops to Haiti, and FMF funds will increase Ecuador's readiness for such peacekeeping operations.

Expanded International Military Education and Training (E-IMET) funds will fund courses for military officers and civilians with a focus on the following themes: civilian control of the military, respect for human rights, military justice reform, and management of defense resources. Ecuador is eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Non-lethal EDA will be granted on a limited case-by-case basis to enhance interoperability and modernization efforts, improve military support of civilian law enforcement efforts against drug traffickers and traffickers of persons, and strengthen humanitarian and disaster response capabilities. NADR Small Arms and Light Weapon funds will be available to help the GOE destroy MANPADS, excess Small Arms and Light Weapons, and ammunition.

Economic Support Funds (ESF) will support the democratic system by strengthening the justice sector, building democratic local governance, fighting corruption, and supporting free and fair elections. These funds will support the implementation of economic reform policies that promote free and fair trade, creating economic opportunities and reducing poverty by fostering more equitable growth. Ecuador is currently in the final stages of negotiating a Free Trade Agreement with the U.S. In the long-term, only growth and poverty reduction can bring political stability to Ecuador and allow the country to defend itself against the threats of narco-trafficking, terrorism, and radical populism.

Development Assistance (DA) funds will strengthen the microfinance sector, increasing access to micro-entrepreneurs' services. Because long-term sustainability is crucial to meaningful economic development, DA programs will promote responsible use of Ecuador's natural resources, including management and conservation efforts in the Galapagos Islands and other important areas. Child Survival and Health (CSH) funding will allow completion of a household health survey.



## El Salvador

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	7,555	8,144	7,348
DA	26,675	22,511	7,557
ESF	-	-	10,000
FMF	1,488	9,900	5,500
IMET	1,794	1,782	1,825
NADR-ATA	267	119	-
P.L. 480 Title II	617	-	-
Peace Corps	2,609	2,671	2,859

The principal U.S. interests in El Salvador are encouraging economic development and prosperity, supporting democracy, fighting international crime and illegal drugs, deterring illegal immigration, and promoting U.S. exports. The benefits of this policy are internal and regional stability, fewer criminal threats to the United States, reduced illegal immigration, and increased trade. El Salvador is a regional model for economic, military, and institutional reform.

In support of our principal law enforcement interests in El Salvador, programs funded by International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funds will strengthen police management systems, including internal affairs and investigative functions. INCLE will continue to provide training and technical support related to counternarcotics and money laundering, police anti-street gang initiatives, as well as equipment and operational support to police units combating trafficking in humans.

Broad-based economic development in El Salvador will improve prospects for U.S. exports and help reduce the pressures driving illegal immigration. One of the greatest prospects for this economic growth is through implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR). ESF-funded rural development projects will help in the adjustment to CAFTA-DR. Development Assistance (DA) will be used to build trade capacity, improve competitiveness and increase job creation by helping the Government of El Salvador (GOES), as well as producers and small businesses, benefit from free trade regimes. DA programs will assist the rural poor by improving agricultural productivity and export marketing, strengthen small and medium enterprise capacity and access to credit, protect water resources through improved watershed management and expand access to quality basic education. DA resources will help address impediments to free trade expansion, including increasing GOES and private-sector capacity to meet U.S. import standards and to help the GOES implement fiscal policy reforms to increase tax revenues needed to finance social sector investment. The program will continue to strengthen democratic institutions by streamlining the judicial process, expanding the use of alternative dispute resolution, supporting efficient local government through decentralization, promoting anti-corruption programs, and providing training for political party development

Child Survival and Health (CSH) funds will improve child survival and maternal health among the rural population through activities to enhance health systems capacity, coverage and efficiency, and to improve reproductive health services. Funds will expand access to better obstetric and infant care services, improve community health, nutrition and access to clean water and sanitation, and prevent infectious disease, including HIV/AIDS.

International Military Education and Training (IMET) funds will be used for professional training programs that will maintain the professionalism of the Salvadoran military. El Salvador became eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA to El Salvador contributes to U.S. interests by reducing the burden placed on the United States in responding to natural disasters and providing humanitarian assistance. EDA fosters defense cooperation and enables the Salvadoran military to respond more effectively to contingencies. EDA also increases the ability of the Salvadoran armed forces to support efforts to fight drug trafficking and assists efforts to help the Salvadorans shift from combat-oriented units to units that can support peacekeeping operations.

El Salvador has proven to be an enthusiastic and reliable partner and has deployed five consecutive contingents to Iraq in support of Operation Iraqi Freedom. These contingents have directly contributed to enhance security and stability in Iraq through mounted and dismounted patrols; checkpoint security; training of Iraqi Civil Defense Forces; protection of convoys, community leaders infrastructure and through the creation of over 120 humanitarian reconstruction projects.. El Salvador is home to one of the three Cooperative Security Location (CSL, formerly known as the Foreign Operating Location) in the hemisphere, which support the U.S. priority of counterdrug operations in the Pacific corridor and Colombia. The Salvadoran Legislative Assembly ratified the CSL agreement in August 2000. From April 2001 through December 2005, the CSL contributed to the seizure of over 193 metric tons of cocaine bound for the United States. El Salvador is a transit point for illegal immigration and drugs to the United States, and Foreign Military Financing (FMF) will allow the Government of El Salvador to better patrol its borders, participate in coalition and peacekeeping operations and support disaster relief operations. Disaster relief has created a needed and positive role for the military, helping to erase years of popular mistrust of the armed forces and preparing the government of El Salvador to deal with future emergencies and to participate in coalition operations such as those in Iraq. FMF funds will be used to improve the navy's interdiction capabilities and availability to participate in joint maritime interdiction efforts through the acquisition of communications equipment, training, as well as operations and maintenance support. FMF will also be used for spare parts to help restore and sustain the significant U.S. investment in the 1980-90's in EDA UH-1 helicopters, maritime vessels, and engineering equipment, used today for counternarcotics operations and for post-disaster reconstruction.

**Guatemala**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	992	-	-
CSH	11,311	12,040	10,838
DA	10,824	9,699	7,515
ESF	5,952	4,455	13,000
IMET	444	396	490
INCLE	2,820	2,475	2,200
P.L. 480 Title II	16,807	21,613	18,500
Peace Corps	3,719	3,840	3,797

The United States has a strong interest in promoting political stability and economic growth in Guatemala – the country with the largest economy and population in Central America – and in improving bilateral cooperation to combat corruption and transnational criminal activities. We have excellent working relationships with Guatemala and President Oscar Berger has helped create a more effective partnership across a range of national security-related issues, including narcotics trafficking, trafficking in persons, youth gangs, and illegal immigration. The United Nations has opened a resident Office of the High Commissioner for Human Rights that has the authority to investigate and report on human rights abuses and is working with the government to establish a special UN-sanctioned unit to fight organized crime. As Guatemala’s major trading partner, the United States also has an important interest in encouraging an open trading system and a healthier investment climate to attract U.S. investment and provide a robust market for U.S. exports. Entry into force of the seven-nation U.S.-Central America -Dominican Republic Free Trade Agreement (CAFTA-DR) in 2006 will provide an important opportunity for Guatemala to attract investment, create jobs, and deepen regional economic integration. As Guatemala works to meet Millennium Challenge Corporation criteria, ESF-funded rural development projects will help in the adjustment to CAFTA-DR. U.S. assistance to improve Guatemalan law enforcement and administration of justice is of direct benefit to the large number of American tourists and citizens residing in Guatemala. Better education, health services, and more jobs in rural areas reduce the appeal of crime and illegal immigration.

Support for full implementation of the 1996 peace accords remains a high priority for the U.S. Government. Implementation is creating positive socio-economic change that can bolster stability, foster greater political legitimacy, and promote broad-based economic growth. Economic Support Funds (ESF) will strengthen key elements of a functioning democracy: the justice system and local governance. Specifically, ESF funds will improve the justice sector through the establishment of decentralized justice centers, promote effective and democratic governance of the security sector, promote and support anti-corruption measures, and support representative, accountable, and decentralized local government. ESF-funded programs to enhance administration of justice will help the government strengthen criminal justice institutions, including police and prosecutors, as well as enforce laws related to protection of intellectual property, worker rights, and other human rights. ESF supports a community policing pilot program designed to prevent and combat youth gang-related crime.

Development Assistance (DA) funds will help to foster transparent, accountable governance at both the national and municipal levels, as well as support ethnic reconciliation. DA funds will help the Ministry of Education address priority reforms, such as high levels of repetition in first grade, provide standardized tests and teacher evaluations, and extend coverage in remote areas. DA funds will help implement CAFTA-DR, enabling Guatemala to benefit more fully from free trade. In addition, DA funds will foster Guatemala’s

economic policy and governance, private sector growth and competitiveness, and promote sustainable management of natural resources and biodiversity conservation. To leverage additional resources, public-private alliances will be a principal business model.

Child Survival and Health (CSH) funds will support the Government of Guatemala's efforts to create a healthier population through more efficient social sector investment and transparency. Working through the Ministry of Health (MOH) and non-governmental organizations (NGOs), CSH funds will extend Guatemala's primary healthcare system and improve its quality, resulting in better maternal and child health and nutrition, less maternal mortality and unintended pregnancy, and better reproductive health. Reducing the spread of HIV/AIDS is a priority. Alliances with the private sector will also be used to address health issues.

Expanded International Military Education and Training (E-IMET) will support Guatemalan military efforts to continue the modernization and professionalization of its armed forces, and will include training involving civilian control of the military, respect for human rights, military justice reform, and management of defense resources.

Guatemala will be eligible in FY 2007 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. Non-lethal EDA will be granted on a limited case-by-case basis to enhance interoperability and modernization efforts, improve military support of civilian law enforcement efforts against drug traffickers and traffickers of person, and strengthen humanitarian and disaster response capabilities.

Guatemala's strategic location makes it a significant transit point for narcotics flows destined for the United States. International Narcotics Control and Law Enforcement (INCLE) funds will support U.S.-Guatemalan counternarcotics cooperation by providing training and equipment for the anti-narcotics division of the national civilian police and provide support for eradication of opium poppies. INCLE funds will also assist in modernizing the judiciary and reforming anti-drug and money laundering legislation. INCLE funds will expand the activities of prosecutors and investigators involved in anti-money laundering, anti-corruption, and counternarcotics investigation task forces. It will support an aggressive public awareness campaign on the damage inflicted by drug abuse and trafficking and continue ongoing port-of-entry security projects.

**Guyana**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
DA	3,572	3,960	4,000
FMF	99	99	75
GHAI	14,753	18,000	25,000
IMET	296	297	320
Peace Corps	1,535	1,609	1,614

U.S. interests in Guyana include solidifying democracy, fostering good health, preventing the transit of drugs, and supporting market-based economic growth and development. Guyana has a large and ecologically diverse rain forest, significant untapped mineral reserves including gold and bauxite, and agriculturally diverse resources but remains among the poorest countries in the hemisphere. Guyana's democracy suffers from deep ethnic divisions, frequent electoral violence, and a long-standing border dispute with its much larger neighbor Venezuela.

Bolstering Guyana's democratic institutions is essential to the country's long-term development and regional stability. Development Assistance (DA) funds will strengthen the law-making and regulatory process, increase the capacity of civil society organizations, encourage the growing participation of women in government, and build sustained institutional capacity to conduct free and fair elections. DA funds will then help the newly-elected National Assembly to increase transparency in its administrative and fiduciary functions. To enhance democratic governance, DA funds will also assist the Executive and Legislative branches to prepare legal reforms needed for local elections. A new DA-funded activity would provide investigative and professional journalism training for Guyana media owners, editors/reporters, and journalism students. Continued work to promote inter-ethnic cooperation and resolve national and local conflicts is critical to the country's stability.

Guyana has the second highest rate of HIV/AIDS infection in the Western Hemisphere and is a focus country of the President's Emergency Plan for AIDS Relief (Emergency Plan). Global HIV/AIDS Initiative (GHAI) funds will fund programs to prevent mother-to-child transmission (PMTCT) of HIV/AIDS and several youth health initiatives. These funds will also be used to expand prevention, treatment, and care activities rapidly through the construction of a national HIV reference laboratory and the provision of free anti-retroviral therapy. USG interventions will contribute to preventing 14,000 HIV/AIDS infections in Guyana by 2008. U.S. programs have already helped provide care and support services to more than 1,100 people infected with HIV, including more than 800 orphans and vulnerable children; some 9,000 persons will receive care and support services by 2008. Another achievement is construction of an expansion of the National Blood Transfusion Service. Further details are provided in Section I under the heading Global HIV/AIDS Initiative.

Guyana is one of the poorest countries in the hemisphere with a per capita income of less than \$1,000 and economic growth since 1998 averaging 0.3% annually. Guyana has qualified for debt relief under the Enhanced Heavily Indebted Poor Countries (E-HIPC) initiative. Given the small size of Guyana's domestic market, renewed growth must come largely from exports, which will require substantial economic reform. DA funds will improve the climate for private investment, refine and modernize trade-related policies and legislation, enhance sound economic policies, strengthen the private sector's influence on policy development, and support small and micro enterprises. The slow opening of Guyanese markets will create important niches for U.S. exports as well as promote economic growth and development.

The Guyana Defense Force (GDF) is inadequately funded and unable to control its border and vast, sparsely populated interior, a significant factor in Guyana's increasing role as a transit country for narcotics bound for the U.S. and Europe. Growing bilateral military cooperation is helping to improve GDF capabilities. Foreign Military Financing (FMF) will purchase communications equipment, spare parts for vehicles, aircraft, and associated training. Guyana will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA boats and International Military Education and Training (IMET) will significantly boost the GDF Coast Guard's ability to interdict narcotics. IMET will provide training in professional military education, including a variety of counternarcotics and maritime-related courses as well as promote civil affairs and improve crisis management.

A small USG counternarcotics/crime program is funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program. The program will provide limited equipment and training to Guyana's under-equipped, inexperienced counternarcotics agencies. In addition to providing training and equipment for general counternarcotics enforcement, the USG will support specialized, vetted law enforcement units that are being established to focus on the larger transnational criminal organizations operating in Guyana. INCLE funds already helped establish a Financial Investigations Unit, which immediately began investigating money laundering activity. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system will reinforce these programs.

**Haiti**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	19,969	19,801	15,812
DA	24,281	29,700	23,143
ESF	39,680	49,500	50,000
ESF-SUP	20,000	-	-
FMF	297	990	775
GHAI	44,095	47,300	63,000
IMET	151	213	245
INCLE	-	14,850	10,000
P.L. 480 Title II	33,024	31,482	34,500
Peace Corps	1,220	548	564

Haiti – the poorest country in the Western Hemisphere – is a transitional state only 560 miles from Florida whose instability poses many threats to U.S. national security and regional stability, including mass migration, narco-trafficking, and the spread of HIV/AIDS. To mitigate these risks, our assistance aims to transform Haiti into a more stable, prosperous, and democratic nation that is able to join us in defense of freedom and democracy and to contribute to regional stability. Our engagement, carried out in coordination with the UN and international donors, will pursue four interrelated objectives: strengthening governance, improving security and the rule of law, fostering broad-based economic recovery, and addressing critical humanitarian and social needs.

With elections scheduled for early 2006, our focus will be on strengthening elected officials' capacity to govern, with particular emphasis on fiscal responsibility, legislative processes, and national reconciliation. Recent Economic Support Funds (ESF) provided support in three major areas for political parties, the Provisional Electoral Council (CEP), and international and domestic observers. Our assistance to the CEP allowed it to provide accurate and timely information to the media and ensure timely dissemination of elections results. Program support strengthened the ability of political parties to compete effectively and peacefully in elections. The U.S. funded 11 Political Party Logistical Support Centers that strengthened the role of the parties in the democratic process by providing technical and logistical support, such as transportation, meeting space, and office supplies.

ESF funding allowed us to second technical advisors to the following Ministries: Justice, Agriculture, Planning, Commerce and Industry, Education, and the Prime Minister's Office. This effort improved governance, fiscal responsibility, and the delivery of services. ESF and Development Assistance (DA) funds will improve the capacity of the Ministry of Justice and provide assistance to legislators and local government officials to strengthen their capacities to meet public needs. Anti-corruption programs will promote transparency, accountability, and responsiveness, with specific programs targeted at victims of organized violence and vulnerable groups. Our support to civil society and the media will enable them to contribute to building a stronger democracy.

U.S. programs to reduce poverty, foster broad-based economic growth, and mitigate environmental degradation will address conditions that contribute to instability and illegal immigration. ESF and DA funds will continue to promote economic growth through activities aimed at increasing the incomes of small agricultural producers, improving market linkages and port facilities, and broadening the availability of credit and financial services to small and micro entrepreneurs. U.S. assistance has created 2,961 long-

term jobs and 207,229 short-term jobs in Haiti. Recognizing that Haiti's extreme environmental degradation will continue to be a roadblock to long-term development and sustainable growth, we will introduce new projects focused on soil conservation, watershed management, reforestation, and other market and natural resource-based interventions. ESF and DA will fund public works activities to create small, productive infrastructures and improve water, sanitation, and erosion control. These activities will generate short-term employment opportunities for vulnerable populations. The U.S. will also continue implementation of early warning systems for natural disasters.

U.S.-funded programs will address the most critical humanitarian needs and reinforce local capacity to deliver social services. Our engagement on health issues to reduce the spread of HIV/AIDS and allow more access to essential health services will continue. As one of the focus countries of the President's Emergency Plan for AIDS Relief (Emergency Plan), Haiti will receive increased funding from the Global HIV/AIDS Initiative (GHAI) account, which will be used to increase prevention, treatment, and care activities; strengthen the public health network capacity through training; and develop public/private partnerships. Further details are provided in Section I under the heading Global HIV/AIDS Initiative.

Child Survival and Health (CSH) funds will improve the health and well-being of women and children by expanding immunization coverage, improving maternal health services, helping families to make informed reproductive decisions, and working with the Ministry of Health to continue efforts to decentralize and improve services. CSH funding in FY 2005 helped provide healthcare services to 40 percent of the Haitian population.

Continuing educational activities will seek to improve the quality of primary education and educational services to out-of-school youth to encourage the social reinsertion of adolescents. Food security programs will target marginalized populations, provide supplemental feeding for vulnerable groups, support agricultural production, and improve household dietary consumption.

In order to strengthen democracy, the USG will assist Haitian security forces, improve respect for human rights, disrupt criminal organizations, and discourage illegal immigration. Through continued support of MINUSTAH and bilateral efforts, our efforts to help stabilize volatile areas, such as targeted urban slums, will focus on countering the impact of gangs and other spoilers on the newly-elected government's nascent rebuilding process.

International Narcotics Control and Law Enforcement (INCLE) funds will be used to enhance the accountability, functioning, and training capacity of the Haitian National Police (HNP). This will be accomplished by working in coordination with the United Nations and other donors to assist in the training of new HNP recruits, and provide equipment to facilitate mobility and communications. U.S. support will be provided to ensure the continued participation of up to 30 U.S. police officers in the civilian police component of MINUSTAH. To stem the drug flow through Haiti, funds will support DEA's Special Investigative Unit and the development of the Haitian Coast Guard's interdiction capability, as well as the GOH's Financial Investigative Unit work to combat money laundering and corruption.

As Foreign Military Financing (FMF) and International Military Education and Training (IMET) are restricted to the Haitian Coast Guard (HCG), our assistance will be used to enhance maritime interdiction and interoperability. FMF funds will support the purchase and installation of communication equipment, provision of spare parts and maintenance for patrol vehicles and the HCG. IMET will focus on courses that enhance HCG operational and logistics skills. Haiti remains eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will promote our long-standing interests in strengthening democracy and reducing the flow of illegal narcotics and undocumented aliens by providing basic equipment in support of maritime security.



**Honduras**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	13,192	13,140	12,170
DA	20,856	18,824	13,290
FMF	1,492	891	675
IMET	1,322	1,089	1,285
P.L. 480 Title II	13,538	10,385	16,000
Peace Corps	3,285	3,344	3,336

Honduras, a close neighbor and long-time U.S. ally, is moving in the right direction for long-term economic growth. In 2005, Honduras joined the United States in ratifying the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR); signed a five-year, \$215 million Millennium Challenge Account (MCA) Compact; reached a completion point under the Heavily Indebted Poor Countries (HIPC) initiative, resulting in massive debt relief; met the requirements for participation in the Container Security Initiative (CSI); and continued to receive high marks for its implementation of a three-year International Monetary Fund (IMF) Poverty Reduction and Growth Facility. In January 2006, the IMF provided debt relief to Honduras under the Multilateral Debt Relief Initiative (MDRI); the World Bank is also expected to provide debt relief under MDRI in 2006. The United States is Honduras' largest trading partner and foreign investor. Despite steady economic growth and progress resulting from the aforementioned programs, Honduras remains one of the poorest countries in the hemisphere and a major source of illegal migration to the United States.

The Honduran government supports the war on terrorism and ratified all of the Organization of American States (OAS) and United Nations (UN) counterterrorism conventions, signed and ratified an ICC Article 98 Agreement, deployed troops to Iraq in support of Operation Iraqi Freedom, and increased efforts to interdict illegal drugs en route to U.S. markets. More than 500 U.S. service men and women are stationed at the Soto Cano Airbase in central Honduras. Thanks in part to U.S. assistance, Honduras held peaceful and democratic national elections under a new electoral law in November 2005, and the U.S. seeks to further improve our strong bilateral relations with the incoming Administration.

U.S. assistance programs support national interests by seeking to:

- strengthen democratic institutions, the rule of law, and social systems;
- deter narcotics trafficking, trafficking in persons, alien smuggling, and other criminal activity;
- combat corruption;
- improve law enforcement capacity;
- address youth gang criminality with an integrated program of prevention, law enforcement, and rehabilitation
- encourage a more transparent court system that provides fair and prompt judgments;
- support the development of effective non-governmental organizations (NGOs) that strive to protect labor and human rights;
- ensure regional stability through cooperative security;
- promote employment (and thereby discourage illegal immigration);
- provide greater legal protection and security for U.S. citizens and firms; and
- provide market and investment opportunities for U.S. businesses.

These programs have produced tangible results over the past year with increased narcotics interdiction; regional leadership in combined operations against illicit trafficking of arms, drugs, and persons; the

passage of a new law to end immunity for government officials and Congressional deputies; the establishment of a new machine-readable passport system; and more professional and effective police and military forces.

Development Assistance (DA) funds will support the diversification and competitiveness of the Honduran economy and provide trade capacity building to meet the challenges and opportunities afforded by CAFTA-DR. The USG will provide funding to ensure more effective natural resource management and disaster preparedness. In addition, DA funds will improve access to basic education and health care, especially for rural women and children. Democracy and governance programs will focus on strengthening the judicial system, decentralization, municipal governance, and civil society development. New programs for civil society, anti-corruption, and electoral reform efforts will allow the United States to capitalize on the current political momentum to advance fundamental reforms in Honduras' political system. ESF funding will be used for support of democracy, anti-corruption, and administration of justice programs (including training and support of the Ministry of Public Security and Attorney General's Office), as well as trade capacity building in environment and labor matters.

Honduras faces a relatively high level of infant mortality, HIV/AIDS, and chronic undernourishment. Child Survival and Health (CSH) programs will focus on preventing HIV/AIDS and other infectious diseases, as well as improving reproductive health and family planning, child survival, and household food security.

Foreign Military Financing (FMF) will provide critical maintenance, training, and operational support for the HOAF to help improve interoperability with U.S. and other regional forces for participation in peacekeeping and coalition operations. FMF will also continue their force transformation against non-traditional transnational threats. It will help the HOAF sustain its critical equipment infrastructure and modestly modernize the navy and air force capabilities linked to interdiction and control of its national territory and national waters through the acquisition of communications equipment, spare parts, training, and logistics support, and sustain HOAF efforts to maintain the operations of its aging ground and aircraft.

The International Military Education and Training (IMET) program for Honduras will enhance Honduran military professionalism, respect for human rights, technical expertise, capabilities in the war on terrorism, and regional military cooperation. Honduras will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will contribute to Honduras' counterterrorism capacities, strengthen narcotics trafficking interdiction efforts, and enable the Honduran Armed Forces (HOAF) to better conduct disaster relief and search and rescue missions. U.S. security assistance will also facilitate Honduran participation in future peacekeeping operations.

International Narcotics Control and Law Enforcement (INCLE) funds from the Latin America Regional account will be used to improve police and prosecutor investigative techniques and support multi-agency anti-gang efforts.

**Jamaica**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	4,542	4,472	2,810
DA	12,219	9,579	7,391
FMF	595	594	500
IMET	757	891	750
INCLE	1,488	990	900
NADR-ATA	65	56	1,355
Peace Corps	2,793	2,890	2,911

The United States has a strong strategic interest in a cooperative and stable partnership with Jamaica due to its proximity to our borders, its position as a major destination for U.S. visitors, and the prominent role it plays in regional organizations such as the Caribbean Community (CARICOM). U.S. priorities in Jamaica include ensuring the safety and security of U.S. citizens on the island, stemming the flow of illegal narcotics and migrants, protecting the interests of U.S. investors, and encouraging Jamaica's constructive leadership role in promoting democracy, stability, free trade, and economic prosperity in the Caribbean region. U.S. programs foster sustainable economic growth, combat narcotics and human trafficking, bolster the effectiveness of Jamaica's security forces and judiciary, and alleviate the social problems that pose threats to economic and political stability. Jamaica is a major transit point for South American cocaine en route to the United States and the largest producer and exporter of marijuana in the Caribbean.

Foreign Military Financing (FMF) funds will provide valuable technical support, communications equipment, training, spare parts, and operations and maintenance for the Air Wing and Coast Guard. Support will also continue for Jamaica Regiment vehicles, ammunition, weapons, night vision goggles, and other equipment for soldiers. International Military Education and Training (IMET) funding will assist the GOJ through training programs that focus on professionalizing the military, developing future leaders, inculcating better resource management capability, and instilling respect for human rights. Both FMF and IMET funding increase JDF readiness and professionalism and enhance the Jamaica Defense Force's (JDF) interoperability. In FY 2007, Jamaica is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to support the JDF's increased capability to conduct search and rescue missions, disaster relief, and counternarcotics and peacekeeping operations. It will also enhance interoperability in U.S. - Caribbean joint exercises.

International Narcotics Control and Law Enforcement (INCLE) funding will continue to help Jamaican government anti-drug agencies improve their detection and interdiction capabilities and undertake investigations leading to the arrest and successful prosecution of major drug traffickers and criminal organizations. The Jamaican Constabulary Force (JCF) arrested 5,765 persons, including 203 foreigners, on drug-related charges in the first eleven months of 2005. U.S. funding supports Jamaican implementation of modern anti-crime legislation and the development of effective anti-corruption mechanisms. Training will include investigating and prosecuting complex crimes, anti-money laundering, port security, anti-corruption, and tracing illicit firearms. In 2005, INCLE funding enabled the United States to sponsor a regional conference on money laundering that has resulted in a greater awareness among participants of best practices as well as collaboration on anti-crime legislation that has significantly strengthened safeguards against financial crimes.

Development Assistance (DA) programs seek to increase Jamaica's participation and competitiveness in regional and global trade markets. Combined interventions, including technical assistance, training, and

mentoring, are aimed at stimulating growth in targeted sectors of the economy, namely agriculture, entertainment and culture, tourism and financial services, and are complimented by efforts to partner with the private sector to reduce crime in volatile inner-city communities and strengthen the capability of civil society organizations working to prevent crime and violence. Between FY 2001 and FY 2004, a pilot “Peace and Prosperity Project” along with a community policing program helped reduce major crimes by 68 percent in the once volatile inner-city community of Grants Pen in Kingston.

DA funds will also provide technical assistance to improve natural resource management (including watershed management, coastal area management, and disaster mitigation), which will establish a stronger link between preservation of the environment and income generation. DA funds will also support the GOJ efforts to transform the education system, which seek to improve educational outcomes at the primary and secondary levels while increasing opportunities for out-of-school youth to re-enter the formal school system. Child Survival and Health (CSH) funds will support a variety of initiatives to improve the health of Jamaican youth, including programs that control the spread of HIV/AIDS and other sexually transmitted diseases, and specially-designed, youth-friendly interventions that encourage healthy lifestyles and behavior. Because of the GOJ’s expanding access to services (prevention education, HIV testing and counseling, and epidemiological surveillance), more than 1,000 new infections per year have been averted.

**Mexico**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	3,234	3,990	3,720
DA	15,055	14,084	9,282
ESF	13,392	9,009	9,000
IMET	1,253	50	45
INCLE	39,680	39,600	39,000
NADR-ATA	285	-	225
NADR-EXBS	-	550	-
Peace Corps	1,216	1,581	1,610

With a 2,000-mile common border, the United States and Mexico share concerns that include security, health, environment, commerce, demographics, and border infrastructure. Mexico has been an effective partner in addressing counterterrorism and border security vulnerabilities. The bilateral relationship is marked by unprecedented cooperation in such areas as immigration, law enforcement and counternarcotics, hemispheric affairs, and trade and investment expansion. Mexico is the United States' second largest trading partner.

U.S. assistance seeks to encourage the ongoing transition of Mexico toward a more open and participatory government. Economic Support Funds (ESF) and Development Assistance (DA) funds will promote democracy and improved economic competitiveness (including job creation) by strengthening the rule of law and supporting greater transparency and accountability in government. Funds will be used for technical assistance and training to support civil and criminal justice reform, greater respect for human rights, and greater access to justice for disadvantaged populations in targeted Mexican states. Mexico's criminal justice system at the federal and state levels is based on the inquisitorial Napoleonic Code that relies heavily on confessions. Mexican police are focused almost exclusively on obtaining confessions rather than using corroborating evidence to investigate crimes. The Mexican federal government and 26 of the 32 Mexican states have all requested USG assistance in transforming their inquisitorial systems to oral, adversarial justice systems. DA funds will continue justice reform to create the foundation for effective investigation and prosecution of criminals, and better protection of human rights. Reform at the federal and state levels will help resolve the misuse of the criminal system to address commercial disputes and improve business and investor confidence in Mexico.

ESF and DA will continue to support the Training, Internships, Exchanges, and Scholarships (TIES) program. The TIES program establishes university partnerships that utilize the expertise and financial leverage of the private sector and nongovernmental organizations to contribute to a shared U.S. and Mexican development agenda in areas ranging from trade to environmental protection and information technology. The TIES program also provides community college scholarships primarily for rural, indigenous, and disadvantaged Mexican students and teachers to work in areas that stimulate Mexico's economic growth and social development.

DA will support microfinance activities to increase access to financial services for underserved populations, with a focus on rural areas; build the capacity of microfinance institutions; improve the supervisory system; and leverage remittances for savings and investment. DA will encourage new market linkages between small and medium producers and supermarkets; generate new sources of eco-friendly business income, such as shade-grown Chiapas coffee; and form U.S. and Mexican university partnerships for joint action on rural development.

Finally, DA will improve the management and conservation of natural resources in targeted watersheds. Funds will increase community capacity and the involvement of local NGOs in natural resource management; establish alliances among the Mexican government, local communities, and NGOs; and support improved management and clean energy production. Funds will also aid Mexico in fire management planning and capacity development.

Child Survival and Health (CSH) funds will support HIV/AIDS and tuberculosis (TB) prevention and control programs. The TB program will strengthen Mexico's capacity to plan, administer, and implement prevention and control efforts with better laboratory networks, improved technical skills for staff, and targeted community health education.

Mexico remains the major transit country for cocaine entering the United States and a major money laundering center. Mexican opium poppy and marijuana cultivation and the production of heroin and synthetic drugs are serious threats, and Mexican crime organizations figure prominently in the distribution of cocaine, heroin, methamphetamines, and marijuana in the United States. International Narcotics Control and Law Enforcement (INCLE) funds will sustain and build upon progress made in interdiction capacity, supporting successful eradication efforts, and enhancing surveillance and intelligence capabilities. INCLE funds will improve infrastructure at ports of entry to enhance security and facilitate the legitimate and secure movement of people and goods as part of the U.S.-Mexico Border Partnership—a key goal in preventing the use of Mexican territory by terrorists seeking to harm the United States.

Mexican military cooperation is critical to U.S. homeland defense and counternarcotics programs. International Military Education and Training (IMET) funds will be used to strengthen military command and technical capabilities, human rights standards, resource management, and English-language skills. These programs will increase interoperability and enhance cooperation in counterterrorism as well as counterdrug and other law enforcement support missions. Mexico is eligible to receive Excess Defense Articles (EDA) in FY 2007 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Mexico serves high-priority U.S. foreign policy objectives by enhancing Mexico's capabilities to counter terrorism and in the struggle against the illicit production and traffic in narcotics.

**Nicaragua**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	992	-	-
CSH	7,703	7,699	6,661
DA	26,058	20,843	12,996
ESF	4,467	3,366	3,000
FMF	496	594	500
IMET	274	594	590
NADR-SALW	32	-	-
P.L. 480 Title II	9,710	11,726	12,500
Peace Corps	2,683	2,653	2,582

The primary national interests of the United States in Nicaragua are supporting and strengthening democratic institutions, fostering regional security, and preventing international crime while promoting broad-based economic growth. Since the return of a democratically-elected government in 1990, Nicaragua has made great strides. The USG has supported President Bolaños' unprecedented and largely popular battle against corruption. These reform initiatives are undermined as corrupt political forces continue to control the Legislative and Judicial branch. With U.S. support, Nicaragua has undergone significant economic change over the past decade, allowing it to open its markets, actively seek foreign investment, and sign a \$175 million compact with the Millennium Challenge Corporation. Once implemented, the U.S.-Central America Free Trade Agreement (CAFTA) will provide an opportunity for Nicaragua to attract investment, create jobs, and deepen economic integration with its Central American neighbors and the United States. Continuing U.S. engagement remains an important component of Nicaragua's ongoing effort to become a stable and more prosperous partner.

Development Assistance (DA) is the backbone of our democracy programs in Nicaragua, with a focus on justice sector reform, anti-corruption/transparency, and elections administration reform, all with civil society involvement. Institutions remain weak and subject to manipulation, making U.S. support in each of these areas crucial. DA and Child Survival and Health (CSH) funds support improved access to and quality of basic education, food security, and improved health for rural women and children. DA and CSH have contributed significantly to dramatic improvements in infant, young child and mother's health since the 1990's, with rates of infant mortality and mortality of children under five dropping nearly 50%, contraceptive use increasing by 40%, and immunization rates maintained at about 80%. DA is also crucial to U.S. efforts to promote sustainable natural resource management and increase rural incomes. DA funds support trade capacity development, rural economic diversification, enterprise development (including microenterprise development), infrastructure, and technical assistance to producers, including farmers. PL-480 funds improve food security and nutrition for the most vulnerable.

Economic Support Fund (ESF) support will be used to strengthen the elections administration activities of the electoral commission, including voter registration; assist civil society and NGOs to increase citizen participation; support development of a domestic monitoring to oversee the entire elections process; and support international electoral observations.

Another major U.S. national interest is to enhance Nicaragua's capacity to combat international crime, including narco-trafficking, terrorism, and smuggling. International Narcotics Control and Law Enforcement (INCLE) Latin America Regional funds enhance Nicaraguan law enforcement capabilities,

thus reinforcing regional USG law enforcement goals. Training and equipment will be provided to the anti-drug and financial crimes divisions of the Nicaraguan National Police and aim to strengthen the interdiction capabilities of Nicaragua's maritime forces by rebuilding the GON's larger patrol vessels and helping to equip naval outposts on the Atlantic Coast. Past efforts in these areas have been successful. INCLE assistance helped the GON in FY 2005 to seize a record 6.7 metric tons of cocaine destined for the U.S., a significant increase over the 3.7 metric tons interdicted the year before. Judicial system improvement and anti-corruption programs will fortify law enforcement efforts on the institutional level.

International Military Education and Training (IMET) funds will promote regional security and strengthen democratic institutions. The Nicaraguan National Army has made significant strides in professionalizing and depoliticizing its officer corps, and in submitting to a civilian president. To continue this process, IMET will be used to provide courses in professional military education, to include command and staff colleges, military resource management, human rights, and the role of a modern military within a democratic framework. These courses are crucial if Nicaraguan civilian leaders - many of whom have little direct experience with military institutions - are to lead the military effectively. Nicaragua will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

Foreign Military Financing (FMF) funds will enhance the military's new role as a nation-building institution and support modernization, enabling Nicaraguan forces to participate in multilateral operations and enhance interdiction operations. FMF will increase the tactical mobility of the army, fund the purchase of communications equipment needed for PKO and disaster response operations, and provide patrol boats and infrastructure support. Nicaragua provided forces for stability operations in Iraq, but required additional equipment and training prior to deployment. FMF will be crucial to procuring and sustaining equipment in preparation for future regional or coalition operations. Additionally, FMF will purchase communications equipment, training, specialized equipment, and other material for its special forces. FMF programs will also enhance the Ministry of Defense's control over the military.

Funding for the Organization of American States/Inter-American Development Bank (OAS/IADB) program in Nicaragua from the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account supports one of the most successful humanitarian demining operations in the Western Hemisphere -- another crucial aspect of our efforts to ensure peace, economic development, and regional stability. As in the past, U.S. humanitarian demining contributions for Central America will be directed to the OAS. Most FY 2007 funds will continue to support final clearance in the Northern Atlantic Autonomous Region and canine mine detection operations. The NADR humanitarian demining program is also exploring expanded options for victims' assistance in Nicaragua with FY 2007 funds. Nicaragua has excess Small Arms/Light Weapons stocks, which are at risk of leaking into conflicts in Latin America, Africa, and the Middle East. As Nicaraguan authorities continue to battle narcotics trafficking, they are also uncovering arms trafficking. According to law enforcement sources, most weapons cases in Nicaragua have a link to terrorist organizations like the United Self-Defense Forces of Colombia (AUC) or the Colombian Revolutionary Armed Forces (FARC). In FY 2007, the U.S. again stands ready to continue supporting the GON's efforts to destroy some of those weapons and secure their inventories.



**Panama**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	5,952	4,455	4,000
DA	5,125	4,335	3,180
ESF	2,976	990	-
FMF	992	990	775
IMET	955	792	650
NADR-ATA	-	-	50
NADR-EXBS	25	50	65
Peace Corps	2,992	2,812	3,024

U.S. interests in Panama include strengthening regional security, combating international crime, supporting democracy, and reaching accord on a Free Trade Agreement. Panama's strategic location between South and North America, as well as between the Atlantic and Pacific oceans, makes it a crossroads for international commerce, but also a center for international crime, such as drug trafficking, money laundering, trafficking in arms, and illegal immigration. Refugees and occasional incursions by armed insurgents from Colombia's civil conflict pose additional challenges. The United States must continue cooperative efforts with Panamanian law enforcement and other government and non-governmental entities to counter transnational crime and help address the effects of the Colombian conflict, especially in the Darien region that borders Colombia, while working with the Government of Panama (GOP) to help ensure the security and smooth operation of the Panama Canal. The Panamanian Public Forces (PPF; Panama abolished its armed forces in 1990) currently lacks adequate equipment maintenance, basic communications gear, and transportation resources.

Andean Counterdrug Initiative (ACI) funds will bolster security along Panama's border with Colombia. Cooperative programs will disrupt illicit activities by interdicting the illegal flow of drugs, arms, and persons through Panama. The USG will also enhance Panama's capability to combat money laundering and other financial activities that support trans-border crimes and terrorism.

Economic Support Funds (ESF) will be used to improve access to justice and alternative dispute resolution mechanisms, increase accountability and transparency in public management, combat corruption, and strengthen administration of justice at the community level. In cooperation with the GOP and Panamanian NGOs, the United States will promote environmental protection and management policies and programs designed to protect the Canal watershed. DA resources will promote and support anti-corruption reforms and improve the legal framework through justice sector reform.

Foreign Military Financing (FMF) funds will augment the GOP's counterterrorism efforts, security programs, and maritime interdiction activities. FMF funds will help develop the PPF capabilities to respond to threats against critical infrastructure, specifically the Canal, and its land and maritime borders. The focus of our assistance will be on improving the capabilities of units by enhancing their mobility with additional vehicles, aircraft support, and communications equipment and logistical packages. Aircraft support will include enhancing helicopter capabilities with GPS, night vision goggles, and logistical support. FMF will also fund long-duration professional military exchange (PME) programs for the professionalization of the PPF mid-level officer corps and purchase equipment for quick-reaction counterterrorism operations.

International Military Education and Training (IMET) funds will be used to train and professionalize the PPF, including the Institutional Protective Service (SPI). The training will target the mid-grade officer

levels and include strategic and operational staff training courses designed to enhance PPF capabilities to plan and execute security operations (such as responding to threats to the Canal). Training will also be directed toward mid-grade and junior officers in the Police Force (PNP), Maritime Service (SMN), and Air Service (SAN), focusing on resource management, security assistance training, defense planning, and support of democracy and democratic institutions respectful of human rights. Panama is eligible to receive EDA in FY 2007 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Panama will bolster Panama's capabilities to provide Canal security, secure its maritime borders, and deal with possible spillover from Colombia's civil war.

**Paraguay**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
CSH	1,980	2,884	2,106
DA	3,748	4,385	4,130
ESF	2,179	1,980	2,000
IMET	-	50	45
NADR-ATA	146	410	540
NADR-CTF	665	100	-
Peace Corps	2,353	2,504	2,425

In Paraguay, we are working to strengthen democratic institutions, combat terrorism and terrorist financing, and disrupt criminal organizations. Paraguay's institutions remain weak and its fluid borders provide fertile ground for corruption and other criminal activity, including terrorist financing. We leverage our resources both human and programmatic to advance legislative initiatives favoring reform, strengthen the role of civil society in the decision making process, and provide authorities with the necessary tools to prosecute terrorist financiers. Promoting transparency and accountability, economic prosperity, public health reform, and responsible environmental management represent other key priorities as our success in these fields reinforces our efforts to create a democratic, stable partner in Paraguay.

Economic Support Funds (ESF) and Development Assistance (DA) funds will strengthen the capacity of private and public sectors to fight corruption and demand reforms. ESF will promote democracy by strengthening civil society, encouraging anti-corruption reforms, and supporting political party reform. Over the past four years and with U.S. assistance, 40 municipalities have increased property and commercial tax collection by an average of 60 percent in total dollar terms, resulting in additional revenue, more than 300 new or improved local services, and over 170 transparency and participation governance mechanisms, such as public budget hearings and citizen committees for monitoring public works. DA funding will continue to support such programs and will improve access to and accountability in the justice sector. Paraguay's Supreme Court, with USG technical support, has enacted an ethics code for magistrates, including an ethics tribunal with authority to impose sanctions. DA funds will promote economic growth through diversification of markets and products as well as broaden economic opportunities for the poor. In addition, DA funding will be used to help manage key environmental areas, including the implementation of an effective national environmental policy and regulatory framework.

Child Survival and Health Programs Funds (CSH) will improve maternal and child health, make family health care more accessible, and improve grassroots provision of health services. These efforts are increasing access to family planning, improving women's health, and reducing maternal and infant mortality as well as other poverty-related problems.

International Military Education and Training (IMET) funds will continue to help promote regional stability and democracy in Paraguay by increasing the professionalism of military personnel and continuing to develop military respect for civilian authority. IMET-funded courses will be used to train Paraguayan officials and officers with a focus on civil-military operations and sustaining democracy. Paraguay will be eligible to receive Excess Defense Articles (EDA) in FY 2007 on a grant basis under section 516 of the Foreign Assistance Act. EDA will support Paraguayan military efforts to modernize its forces.

Paraguay is a transshipment point for an estimated 40-60 metric tons of cocaine per year. Limited International Narcotics Control and Law Enforcement (INCLE) funds from the Latin America Regional

account will build on progress in strengthening the GOP's capability to disrupt cocaine trafficking operations, combat money laundering, and to pursue and arrest high-level narcotics traffickers. Working with DEA counterparts, U.S.-trained, semi-vetted units seized over 250 kilograms of cocaine, in December 2005. Paraguay's Congress is considering anti-money laundering legislation, drafted with technical assistance from U.S. Treasury experts. We will continue supporting the Anti-Narcotics Secretariat (SENAD), the Financial Intelligence Unit (FIU) of the Anti-Money Laundering Secretariat (SEPRELAD), and the narcotics detection Canine Program. Funding will provide training to judges and prosecutors handling narcotics and money laundering cases and demand reduction assistance to expand efforts to educate school-aged children on the dangers of drug use. We will also help the Ministry of Industry and Commerce fight violators of intellectual property rights through the provision of equipment and operational support and the Ministry of Women through training, equipment, and other assistance to help the GOP prevent trafficking of women and children, protect victims, and prosecute traffickers.

**Peru**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	115,370	106,920	98,500
CSH	14,756	14,213	12,736
DA	11,246	9,435	9,000
ESF	4,000	2,970	4,000
FMF	-	198	25
IMET	-	50	45
NADR-ATA	-	119	-
NADR-SALW	-	200	-
P.L. 480 Title II	6,293	9,009	13,000
Peace Corps	2,326	2,704	2,815

Peru continues to be one of our closest regional partners, and shares our objectives on foreign policy, counterterrorism, economic reform, democracy, and counternarcotics. Peru's impressive economic expansion, driven in large part by exports to the U.S. under the Andean Trade Preferences and Drug Eradication Act, is helping the country stabilize and strengthen its economic, political, and social institutions. Peru is attracting foreign investment by modernizing its economy and liberalizing trade, and successfully concluded free trade agreement (FTA) negotiations with the U.S. in January 2006. U.S. assistance in FY 2007 will help strengthen and deepen this partnership with a new administration. Despite progress made thus far, Peru faces considerable challenges. Economic development is uneven. The poverty rate and extreme poverty rate (living on less than \$1/day) remain high at 52 and 19 percent, respectively. More than 60 per cent of the economy is informal, with roughly half of its working-age citizens underemployed. A quarter of all children are malnourished, and the quality of education is one of the lowest in the region. Not surprisingly, Peru's radicals successfully draw support from the most marginalized sectors of society.

Our foreign assistance will bolster economic opportunities for the poor by providing greater access to and participation in commercial markets and increasing the availability of microfinance services for small producers and entrepreneurs. Assistance programs funded by Child Survival and Health (CSH) will help meet the basic nutritional and health needs of the extremely poor, while programs funded by Development Assistance (DA) and Economic Support Fund (ESF) will promote the sustainable use of natural resources and improve local education. Trade capacity building and FTA outreach funded by DA and ESF will spur job creation and promote continuing economic liberalization.

In remote areas of the country, re-energized Shining Path insurgents, working closely with their narco-trafficker patrons, are increasingly mounting lethal attacks against Peruvian officers. Peru is the world's second largest producer of coca leaf and there are signs that opium poppy has established a foothold in the country. Andean Counterdrug Initiative (ACI) funding will provide training, equipment, and technical assistance to the GOP to enable it to continue stamping out illegal coca cultivation and processing, disrupt trafficking routes, and interdict opium latex. Alternative development programs will promote licit economies within the drug zones as an integral part of the counternarcotics program. Our assistance will also improve Peruvian drug interdiction, eradication, and the targeting of drug traffickers.

International Military Education and Training (IMET) funds will be used for training in human rights and the rule of law, and discipline in military operations helps reinforce the notion of civilian control of the

military and reinforces support for the principles of human rights. Training in counternarcotics operations, professional military education, resource management, logistics and equipment maintenance provide the tools needed to professionalize and modernize Peru's military and enhance its capabilities in air operations, and search and rescue operations.

Foreign Military Financing (FMF) funds will improve the military's capabilities to protect Peru's borders, control its national territory, and promote regional stability. FMF funding will upgrade medical, engineering, and general field support to increase the ability of GOP security units to operate in remote areas where illicit crop cultivation and drug production are prevalent and where domestic terror groups seek refuge. Peru will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Peru serves a key U.S. national interest by assisting the GOP to combat illegal narcotics production and trafficking by providing needed equipment to the Peruvian security forces, which are an integral part of the counternarcotics effort.

**Suriname**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	99	99	80
IMET	139	149	145
Peace Corps	1,248	1,379	1,469

Suriname continues to struggle to consolidate democratic governance and promote economic stability. Its efforts in these areas are compromised by dependence on a single extractive resource (alumina), the residual effects of a succession of authoritarian (often military) regimes in the 1970s and 1980s, and ongoing tensions among a large number of ethnic-based political parties. The country's location makes it a potential host and transit point for a variety of criminal and, potentially, terrorist elements. Our principal interests in Suriname are strengthening democratic institutions, combating transnational crime and international terrorism, and encouraging economic growth and development. The U.S. also has an interest in Suriname's efforts to protect its rainforest and biodiversity.

Like all of Suriname's under-financed public institutions, the country's military suffers from a lack of equipment, material, parts, and fuel. These deficiencies have significantly inhibited Suriname's ability to secure its borders (the military police have responsibility for immigration functions) and vast, sparsely populated interior, making Suriname a favored transshipment country for drugs and weapons traffickers and alien smugglers. In recent years, Foreign Military Financing (FMF) has contributed to an increase in drug interdictions by the country's armed forces by helping to upgrade communications equipment and training aviation and maritime units. The USG will use FMF for follow-on training and support and help the Ministry of Defense to modernize Surinamese ground forces.

Suriname lacks a fully developed military training infrastructure. International Military Education and Training (IMET) plays a key role in the training of its armed forces. IMET will provide training opportunities that would be otherwise unavailable, such as officer and NCO career courses, and encourage an appropriate role for armed forces in a democratic society. IMET will be used for training that promotes civilian control of the Surinamese armed forces, increases its professionalism and technical expertise, and exposes Surinamese armed forces personnel to U.S. norms and values. Suriname will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA will assist the Surinamese military in developing and sustaining regional inter-operability, a viable counterdrug capability, and in combating terrorism, migrant trafficking, and arms smuggling.

The current USG counternarcotics/crime program, funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program, has helped Surinamese counternarcotics elements more than double the amount of cocaine seized between 2004 and 2005. In addition to improving measures against narcotics trafficking, INCLE funds have bolstered Suriname's capacity to combat narcotics trafficking, money laundering, and trafficking in persons. Additional INCLE funding will build upon efforts to create a criminal records database, ensure the continuity of ongoing training on combating organized crime, and allow for further improvement to police radio, computer infrastructure, and equipment to establish Suriname's Financial Intelligence Unit (FIU). With these tools, the country's law enforcement elements will be able to add to significant successes achieved in the past two years, which include the disruption of major drug trafficking organizations through arrests, successful prosecutions of major traffickers, and Suriname's first-ever convictions for money laundering and trafficking in persons.

## Trinidad and Tobago

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45
NADR-ATA	49	979	2,849

Trinidad enjoys the benefits of its rich energy resources and close economic partnership with the United States. As our largest supplier of natural gas and a source of oil for many Caribbean countries, it has one of the highest per capita incomes in the Western Hemisphere. Nevertheless, growing violent crime, fueled in part by transnational criminal elements, as well as the activities of a home-grown radical Islamic group, are undermining the country's social fabric and taxing its political system. The U.S. has a strong stake in helping the Government of Trinidad and Tobago (GOTT) improve its domestic security and confront challenges posed by illicit goods moving through the country. U.S. assistance is directed in particular at preserving and strengthening cooperative efforts to combat crime and narcotics trafficking. The U.S. is also encouraging the GOTT to play a more active role in negotiations for a Free Trade Area of the Americas (FTAA) and within the Caribbean Community (CARICOM) on trade matters.

The GOTT has demonstrated its eagerness to cooperate with the U.S. in security and law enforcement. Thanks in part to U.S. counternarcotics assistance through International Narcotics Control and Law Enforcement (INCLE) regional assistance, it has vigorously prosecuted major drug traffickers, seized narcotics-related assets, and charged individuals with money laundering. In 2005, the GOTT significantly increased the number of narcotics seizures and arrests, particularly in cases involving foreign citizens. In August, counternarcotics units made a historic seizure of some 1750 kilos of cocaine with the cooperation of the USG. Similarly, financial investigations are on the rise.

New projects funded with INCLE will provide further training, equipment, and vehicles for the GOTT's counterdrug/crime units, and equipment to help it modernize its courts, with a new focus on money laundering. The Internal Revenue Service (IRS) is helping the GOTT Board of Inland Revenue (BIR) improve tax collection procedures and INCLE funds will support the establishment of a Criminal Investigation Division within the BIR. A U.S. Department of Homeland Security Customs and Border Protection (CBP) Advisory Team works closely with the GOTT Customs and Excise (C&E) Division to increase anti-terrorist and drug interdiction enforcement and to develop a Criminal Investigations Unit. Supporting this work, INCLE funds will establish a passenger analysis unit at the airport and a Preventive Enforcement Network System to enhance communication among C&E units. The GOTT has shared costs with the United States in most of these efforts, including paying for IRS and CBP technical assistance and funding maintenance costs of U.S.-donated patrol boats and aircraft. The GOTT also pays 50 percent of the costs of a unique canine-training program, which INCLE funds underwrite.

Trinidad and Tobago suffers from a high incidence of HIV/AIDS, made all the more serious by widespread ignorance about the disease and prejudice against those afflicted. Child Survival and Health Program (CSH) Caribbean Regional funds will support health programs, especially those focused on HIV/AIDS, malaria, and tuberculosis. The U.S. Centers for Disease Control's (CDC) Caribbean regional office in Trinidad, other U.S. partners, and the GOTT National AIDS Coordinating Committee will collaborate to strengthen programmatic and technical capacity.

International Military Education and Training (IMET) funds will be used to professionalize the military, as well as provide training in medicine, electronics, and defense resource management to help maintain technical proficiencies. Training in communication and maritime operations will help strengthen counternarcotics efforts. Trinidad and Tobago will be eligible in FY 2007 to receive Excess Defense



Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment and will enhance the military's peacekeeping, search-and-rescue, disaster relief, and counternarcotics capabilities.

**Uruguay**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
IMET	-	49	45

Uruguay will be an important partner for the U.S. in promoting regional stability and building on the positive momentum generated thus far. Other U.S. national interests include maintaining Uruguay's strong democratic institutions; advancing peacekeeping and other military cooperation; and helping Uruguay fight narcotics trafficking, international crime, and money laundering. Uruguay plays a key role in these efforts and in regional politics. The GOU has demonstrated both moderation and a clear desire for good relations with the U.S. In the last year, vigorous U.S. engagement successfully encouraged Uruguay to ratify a Bilateral Investment Treaty and an Open Skies agreement. The U.S. and the GOU also concluded negotiations for a Science and Technology Agreement. Building on these strong ties, the USG will work to ensure that Uruguay's economy continues to grow, including pursuing further openings to U.S. trade and investments.

International Military Education and Training (IMET) will promote regional stability by strengthening the Uruguayan military as a democratic institution. Participation by civilian and military officers in IMET-funded courses will improve civil-military relations and the defense policy planning process to make it increasingly transparent, build civilian expertise in defense matters, and inculcate the principles of human rights in future leaders. Mid- to senior-grade officers attending professional development courses will facilitate the modernization and professionalization of the armed forces. Technical, resource management, and logistics training will help Uruguay maintain and manage its defense resources, improving the Uruguayans' ability to operate with U.S. and international forces in peacekeeping operations, disaster relief missions, and other joint operations. Uruguay will be eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment, as well as improve their PKO capabilities.

International Narcotics Control and Law Enforcement (INCLE) funds from the Latin American Regional program will help fight illegal drugs and international crime, both of which are increasing threats in Uruguay. The funds will provide training to improve the professionalism of police units, contraband detection efforts, and border controls; and supply equipment and training for nascent money laundering detection and investigation units. The funds will also support domestic demand reduction projects, such as public awareness campaigns.

**Venezuela**  
(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ACI	2,976	2,229	1,000
ESF	2,432	-	1,500
IMET	-	-	45

Venezuela is a leading supplier of oil to the United States, host to considerable U.S. investment, and a significant transshipment point for illegal drugs. Democracy and civil rights are under threat. Our efforts in Venezuela focus on promoting human rights and rule of law, supporting at-risk democratic groups, and disrupting and interdicting narcotics.

Venezuela's Executive currently monopolizes national and state power; several laws threaten basic civil and political rights, including freedom of the press, and freedom of speech and association; and changes to the penal code have increased the penalty for so-called "contempt" crimes against public officials. ESF-funded initiatives will support civil society, strengthen at-risk democratic groups, and promote the rule of law and respect for human rights.

Venezuela remains a major transshipment route for illegal drugs destined for the United States, with cocaine from Colombia comprising the majority of this traffic. Andean Counterdrug Initiative (ACI) programs will improve Venezuela's interdiction efforts and help fund the completion of a Port Security Container Inspection facility in Puerto Cabello. ACI funding will also provide training for police and military to enhance Venezuela's drug detection and seizure capabilities and provide training for police investigators, public prosecutors, and judges to improve Venezuela's money laundering and counternarcotics investigation efforts. The USG continues to face challenges in our counternarcotics cooperation with Venezuela, and ACI assistance aims to improve bilateral relations on this issue. We will continue to work closely with our partners to enhance border control and prohibit terrorists, arms and other illicit supplies from crossing between Venezuela and Colombia.

International Military Education and Training (IMET) will seek to strengthen military links and provide important training to the Venezuelan military, including training on human rights. Venezuela remains eligible in FY 2007 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

## Operation Enduring Friendship

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
FMF	-	3,960	4,000

The Caribbean, our “Third Border,” has become a convenient avenue for transnational criminals trafficking in aliens, narcotics, arms, and other contraband to the U.S. Terrorists could exploit the region’s vulnerability and threaten our homeland security. U.S. assets to counter these threats are stretched thin and Caribbean countries lack the resources and interoperability to adequately maintain control of their own waters and assist the U.S. in maintaining a regional maritime presence.

Operation Enduring Friendship is a multi-year, multinational, regional maritimesecurity initiative to develop a framework in which the U.S. and our regional allies can work together to counter terrorists and other transnational criminals that threaten the Caribbean waters and the U.S. Funding for Enduring Friendship will provide standardized command, control, and communications equipment; training; spare parts; and logistical support for forces that can complement U.S. and other modern interdiction forces partners along our Third Border. Enduring Friendship will strengthen partner nations’ maritime domain awareness and operational capabilities to anticipate and respond to threats, maritime emergencies, natural disasters, and enhance control over illicit trafficking lanes. Enduring Friendship will do this by improving partner nations' maritime command, control, and communications (C3) capability; increasing partner nation interoperability; and integrating partner nations into a common maritime operational picture. The goal is to leverage the maritime patrol and interdiction capability of each individual country into a more effective multilateral capability. Funding will support the Dominican Republic, Honduras, and Panama, with more modest support for the Bahamas and Jamaica.

Enduring Friendship supports the President's Western Hemisphere strategy, the Colombia strategy, the Proliferation Security Initiative, United States Southern Command’s Theater Security Cooperation Strategy, and Panama’s Secure Trade and Transportation Initiative. Enduring Friendship will also lay the foundation for partner nations to participate in maritime theater-wide information sharing and coalition operations. In conjunction with other USSOUTHCOM efforts, Operation Enduring Friendship will increase the Western Hemisphere's collective maritime security.

## Regional Anticorruption Initiatives

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	2,976	990	1,595

Since the first Summit of the Americas opened a hemispheric discussion of corruption, the problem has increasingly been recognized as one of the most serious issues hindering development and good governance facing the countries of the Western Hemisphere. Democracy cannot flourish in the presence of widespread corruption, which misallocates scarce resources, reduces government services and private sector investment, and continually erodes public confidence in government. Economic Support Funds (ESF) will continue regional initiatives to strengthen government institutions and make operational the principles of transparency and accountability. These programs will complement anticorruption initiatives funded through International Narcotics Control and Law Enforcement (INCLE) and Development Assistance (DA).

The Inter-American Convention Against Corruption has been ratified by 33 countries. The Convention requires the criminalization of specific acts of corruption, calls upon States Parties to implement preventive measures such as standards of conduct and internal controls, and provides for mutual legal assistance in cases of corruption affecting more than one country. A Follow-up Mechanism has been developed within the Organization of American States to advance the Convention's practical implementation. Meetings of Experts and peer reviews are developing priorities and national action plans that, without external funding, would not be implemented. Continued funding for technical assistance and training for the development and implementation of these plans will help to ensure participation by relevant civil society groups.

Regular meetings of the Justice Ministers of the hemisphere provide another forum for the development of regional priorities and actions to strengthen individual justice systems and the cooperation among them. U.S. support for the activities identified and new programs of cooperation that may emerge are critical to the continued development of effective criminal justice systems in the region. The Justice Ministers are considering how to improve the operational effectiveness of new codes of criminal procedure that have been developed throughout Latin America in the last ten years. Without an effective overall criminal justice framework, reforms related to criminalizing specific acts of corruption cannot succeed. ESF funds will be made available to continue criminal justice reform activities through regional and sub regional organizations and other cross-border cooperation, where appropriate.

Another important regional anti-corruption initiative is the expansion of the culture of lawfulness program, a curriculum-based approach to fostering societal support for the rule of law. The program was developed by the National Strategy Intelligence Center (NSIC) in Washington, DC and has already been implemented in several countries, including Mexico and Colombia. NSIC has signed an agreement with the Organization of American States to promote the program as a "best practice" throughout the region. Funding will help implement this program in other countries.

## Summit of the Americas Support

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	1,488	2,970	2,000

The Summit of the Americas is a unique mechanism for the 34 democratic heads of state and governments of the Western Hemisphere to advance solutions to common political, economic, and social problems in a multilateral and comprehensive way. Initiated with a U.S.-hosted Summit in 1994 in Miami, the Summit of the Americas not only engages heads of state and governments, but also drives priorities and cooperation among technical ministries, regional institutions, the private sector, and civil society organizations. It is of paramount importance that these groups that promote democratic values have the ability to lend support to the OAS Secretary General and the Permanent Council to act on unconstitutional alterations or interruptions of the democratic order. The Summit of the Americas agenda has reflected and promoted the values of democracy, human rights, and open markets shared by the region's leaders, and their acknowledged responsibility to actively defend those values. Today these values are under attack in countries where "populist" agendas are promoted.

Summits of the Americas in 1998, 2001, and 2004 have focused on strengthening democratic institutions, creating prosperity, and investing in people. The theme of the November 2005 Summit of the Americas was creating jobs to fight poverty and strengthen democratic governance. The 2005 Summit reaffirmed the principle of the Monterrey Consensus that countries have the primary responsibility for their own development, with developed countries committing to help them carry out meaningful economic reforms, solidify democracy, and promote the rule of law. It also underscored the important relationship between sound economic policies for growth and job creation, called for the full implementation of the Inter-American Democratic Charter, and re-affirmed trade liberalization, which includes the FTAA, as a path to prosperity.

The United States implements Summits of the Americas mandates, assists other countries in their implementation efforts, and seeks to leverage additional support from multilateral and bilateral donors for Summit objectives. The primary focus for FY 2007 is to fulfill a Presidential commitment from the 2005 Summit - to create an institution to assess public and private infrastructure proposals that promote high-return, job-creating projects. These assessments will cover financial structure, economic and engineering feasibility, public concession tendering, legal matters, and implementation.

This fund will continue to support the Summit-mandated Justice Studies Center of the Americas (JSCA). The JSCA serves as a clearinghouse of information and expertise on justice sector reform, organizes and sponsors comparative analysis of problems affecting justice sector performance, and provides impetus for the consolidation of reforms within countries. It has worked with or in every country in the region. The JSCA has initiated several important long-term activities including a widely-consulted virtual information center, standards for collecting judicial statistics, and training of trainers and analysis of backlogs to improve prosecution of cases under new criminal procedure codes. In 2007, it plans to expand into civil and commercial law areas and judicial governance, including the promotion of practical measures to ensure judicial independence.

## Third Border Initiative

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	8,928	2,970	3,000

Enhancing regional measures to promote security along our “Third Border” remains vital to the safety of our homeland and a hemispheric priority. The United States and the island nations of the Caribbean are closely linked by travel and immigration. Each year millions of Americans visit the Caribbean, while tens of thousands of Caribbean visitors and immigrants arrive in the United States. Due to the region’s proximity, events in the Caribbean have a direct effect on the United States and have the potential to affect our domestic interests. Illicit trafficking in persons, drugs and firearms, potential terrorism, and other transnational criminal activities threaten the U.S. both domestically and regionally. Caribbean nations are vulnerable to adverse global economic conditions, environmentally fragile, and share our susceptibility to hurricanes and natural disasters, as highlighted by the hurricane seasons of the past several years. The Third Border Initiative (TBI) continues to strengthen our partnerships with Caribbean countries in countering natural and man-made threats to security. Using Economic Support Funds (ESF), we will supplement our bilateral assistance to the 14 Caribbean Community (CARICOM) countries, plus the Dominican Republic, to focus assistance on areas of greatest need.

TBI programs will continue to have a direct, positive effect on the safety and security of U.S. travelers to the region, as well as to the protection of U.S. homeland security. Through technical assessment surveys in 12 Caribbean countries and implementation of follow-on measures to integrate immigration entry-exit systems, TBI is strengthening regional and local border management, protecting against criminal and terrorist elements who seek to travel freely to and through the region, and enhancing the safety of some 5 million U.S. travelers in the Caribbean. In 2004, the Caribbean exported \$12.5 billion worth of goods to the United States alone. The U.S. Federal Aviation Administration continues to work with local civil aviation authorities in the region to upgrade airport and airline safety and security measures. Building on security assessments funded previously under TBI, as well as a variety of ongoing projects to better secure tourism/travel-related facilities, new projects will be aimed at further invigorating travel and border security in the region, through the strengthening of immigration controls, port security, and travel/tourism infrastructure.

Enhancing border security will become an issue of paramount importance in 2007 with the Caribbean hosting the Cricket World Cup - the world’s third largest sporting event after the Olympics and the World Cup (soccer). Thousands of visitors from diverse parts of the world will greatly augment the already significant tourist traffic in the region.

Better planning for natural disasters is also becoming an area of increased importance. Through TBI assistance, the United States will help Caribbean governments prepare for natural disasters through technical improvements to the region’s disaster early warning and communication systems and ensure that disaster risk reduction and mitigation concepts are explicitly integrated into the regions economic planning and implementation. Regional exercises in disaster prevention and management are helping Caribbean planners prepare for a variety of disaster scenarios.

TBI funds will also help smaller economies move toward greater competitiveness by assisting targeted business sectors in the region meet the requirements for successful participation in the global marketplace. The U.S. will help continue to support the development of the private sector with a focus on Antigua & Barbuda and Dominica while at the same time emphasizing diversification and development of business clusters and industries.

## Trade Capacity Building

(\$ in thousands)

Account	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
ESF	19,840	19,800	20,000

Trade-liberalizing agreements promote economic growth in both the U.S. and our partner countries, reduce poverty by creating jobs, and increase opportunities for U.S. businesses and workers by eliminating barriers to U.S. exports of goods and services. By promoting stability and prosperity in our trading partners, these agreements support democracy, strengthen our own security, and reinforce cooperation between the U.S. and our partner countries not only on economic but also on other common problems. The U.S. has a particularly active trade agenda in the Western Hemisphere, where we have signed free trade agreements with nine countries and are working to conclude agreements with others. Assistance to build trade capacity is crucial to many of our partner countries to ensure that they fulfill the obligations of trade agreements and fully benefit from them.

In 2005 the U.S. signed the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) with Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua, with implementation beginning in early 2006 (ESF & DA). Requested funds will fulfill the Administration's commitment to Congress of \$40 million in FY 2007 to focus on building and strengthening the labor/environment capacity of the countries participating in CAFTA-DR. Funding will support technical assistance and training to improve enforcement of laws and regulations to support internationally recognized labor standards and to protect the environment.

TCB funds for labor programs will be used to improve worker rights in the CAFTA-DR region. Consistent with the priorities established by the CAFTA-DR Labor Ministers in their report of April 2005, the funds will focus particularly on improving the administration of justice, strengthening of labor ministries, and enforcement of labor law. Funds will support the continuation of programs initiated in FY2006 and additional programs to enhance labor law compliance and the countries' adherence to the labor provisions of the FTA. Funding for both improving the administration of justice and strengthening the labor ministries will continue along with new programs to improve worker rights and address discrimination in export industries. To ensure that assistance will be used effectively, approximately \$3 million will finance the continuation of the program of the International Labor Organization to monitor and verify progress toward improved labor law enforcement and working conditions.

TCB funds for the environment will support the key obligation of the CAFTA-DR's Environment Chapter - operation of a Secretariat to investigate citizen petitions alleging failures to effectively enforce environmental laws. Funds will also be used to implement the associated Environmental Cooperation Agreement (ECA) to build environmental protection capacity in Central America and the Dominican Republic. A Work Program to implement the ECA identifies short and medium-term priorities. FY 2007 funds will support actions initiated in 2006 to strengthen environmental enforcement and compliance, public participation and access to information, building local capacity to protect the environment through civil society and governmental institutions, and compliance with multilateral environmental agreements. These funds will also support initiating action to promote voluntary mechanisms and market incentives for environmental management and the deployment of cleaner production methods and technologies.



### III. SUPPORTING INFORMATION

Arms Control and Nonproliferation Considerations  
    Estimating Foreign Military Sales  
    Foreign Military Sales Administrative Costs  
    Overseas Military Program Management  
    Grants of Excess Defense Articles  
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End-Use Monitoring of Defense Articles and Defense Services Government to Government Programs  
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## **Arms Control and Nonproliferation Considerations**

Arms transfers continue to be an indispensable U.S. policy instrument for advancing international security and stability in the post-Cold War era and for promoting the aims of the Global War on Terrorism. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate support for the security of friends and allies. With the new challenges posed by the rise of global terrorism and the spread of weapons of mass destruction, our military assistance programs play a critical role in bolstering the security capabilities of the United States and its allies.

The U.S. military assistance program complements the U.S. foreign policy goal of promoting international security through negotiation and support for bilateral, regional and multilateral agreements and arrangements, and assuring compliance with existing arms control agreements. It also enhances the U.S. ability to limit the proliferation of weapons of mass destruction, especially in regions of conflict, by giving countries conventional means for ensuring their security. As the President's arms transfer policy states, the United States will actively seek greater transparency and responsibility in the area of arms transfers to regions of instability.

There are other new and creative forms of security assistance in the NADR account that complement our arms control and nonproliferation goals and contribute to regional and global stability. The program to destroy small arms and reduce international stockpiles helps control the proliferation of relatively cheap, accessible weapons that exacerbate regional and civil conflicts. The worldwide Nonproliferation and Disarmament Fund and export control cooperation programs promote bilateral and multilateral efforts to control the spread of missiles, nuclear, chemical and biological weapons, and destabilizing arms transfers.

Carefully structured security assistance programs support U.S. conventional arms transfer policy goals, particularly to preserve regional balances and help allies deter and defend against aggression, and the U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction and their delivery systems.

The U.S. arms transfer policy requires a careful, case-by-case evaluation of each request for arms. Each transfer is specifically reviewed for its contribution to U.S. security interests and arms control and nonproliferation objectives. Such a review considers, *inter alia*:

- Whether a proposed transfer is consistent with U.S. interests in maintaining or enhancing stability within the region;
- Whether the proposed transfer can be absorbed without overburdening the recipient's military support system or financial resources;
- The impact of the proposed transfer on our arms control and nonproliferation goals; and
- Whether possible adverse effects of the transfer are offset by positive contributions to U.S. regional security interests and objectives.

Whenever appropriate, these issues are referred to senior Administration officials, beginning with those in the Department of State, to ensure that decisions on arms transfers complement and support U.S. national security policies.

## Estimating Foreign Military Sales

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOA's) signed in FY 2005, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2006 and FY 2007. These estimates were derived through:

- a. An analysis of each country's historical FMS sales record (past 10 years).
- b. Development of an adjusted mean plus or minus one standard deviation -based range of likely sales for each country.
- c. In-depth, multi-tiered evaluation of each item contained on individual country lists of potential sales (developed by DSCA Regional Directorates). Each entry is evaluated for:
  - (i) Likelihood of sale, in and of itself, to be made in the year listed.
  - (ii) Likelihood that the sale will go FMS and not Direct Commercial Sales (DCS).
  - (iii) Release considerations, if any, associated with the item and likelihood for approval and a FMS sale after completion of the accompanying thorough, and often lengthy, U.S. Government review process.
  - (iv) A judgment of how essential the listed military equipment of defense service is to the country's defense needs.
  - (v) Whether the country's foreign procurement budget, as a whole, is adequate to fund the listed item in its entirety or possibly, at a lesser amount of quantity and dollars.
  - (vi) Whether the funding required to make the purchase will in fact be approved by the purchasing country's budget process.
- d. Consideration of potential economic and political/military factors over the time frame concerned.

Each phase of the FMS LOA request / offer / acceptance process has many variables that make it difficult to determine exactly when--or even if --a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next.

**Foreign Military Sales & Construction Sales Agreements**  
(\$ in thousands)

	FY 2005 ACTUAL		TOTAL	ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN		FY 2006	FY 2007
<b>Africa:</b>					
African Union	105	0	105	0	0
Angola	150	0	150	200	0
Botswana	1.723	0	1.723	500	300
Cameroon	150	0	150	150	0
Cape Verde	68	0	68	0	0
Chad	0	0	0	2.000	0
Congo (Kinshasa)	0	0	0	2.400	0
Djibouti	10.877	0	10.877	9.500	2.000
Eritrea	200	0	200	240	0
Ethiopia	250	0	250	8.000	5.000
Gabon	8	0	8	0	0
Gambia	183	0	183	0	0
Ghana	1.145	0	1.145	1.300	500
Guinea	201	0	201	0	0
Kenya	304	0	304	7.080	0
Liberia	0	0	0	1.700	2.000
Madagascar	0	0	0	1.100	0
Malawi	3	107	110	0	0
Mozambique	40	0	40	325	0
Niger	0	0	0	800	0
Nigeria	2.318	0	2.318	1.500	0
Rwanda	500	0	500	0	0
Sao Tome & Principe	0	0	0	185	0
Senegal	707	0	707	2.000	500
Sevchelles	0	0	0	300	0
Sierra Leone	40	0	40	300	0
South Africa	137	0	137	0	0
Swaziland	0	0	0	3	0
Togo	184	0	184	0	0
Uganda	2.106	0	2.106	300	0
Zambia	600	0	600	0	0
<b>Regional Total</b>	<b>21.999</b>	<b>107</b>	<b>22.108</b>	<b>39.883</b>	<b>10.300</b>
<b>Western Hemisphere:</b>					
Antigua-Barbuda	0	0	0	474	490
Argentina	15.000	0	15.000	4.000	0
Bahamas	0	0	0	400	100
Belize	272	0	272	700	300
Brazil	141.463	0	141.463	112.200	0
Canada	287.411	0	287.411	193.577	148.696
Chile	17.365	0	17.365	0	0
Colombia	202.584	0	202.584	112.462	67.370
Dominica	473	0	473	194	190
Dominican Republic	602	0	602	0	0
Ecuador	5.597	0	5.597	22.140	6.780
El Salvador	6.816	832	7.648	28.000	15.000
Grenada	505	0	505	194	190
Guatemala	2.460	0	2.460	0	0
Guvana	456	0	456	250	125
Haiti	734	0	734	700	1.619
Honduras	1.916	0	1.916	1.500	1.345
Jamaica	1.289	0	1.289	2.057	550
Mexico	4.009	0	4.009	10.080	8.830
Nicaragua	309	0	309	0	0
Panama	1.815	0	1.815	2.800	2.000

	FY 2005 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2006	FY 2007
Peru	778	0	778	0	0
St. Kitts and Nevis	225	0	225	194	190
St. Lucia	161	0	161	194	190
Suriname	0	0	0	250	0
Trinidad & Tobago	87	0	87	0	0

	FY 2005 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	2006	2007
Uruguay	385	0	385	0	0
Regional Total	692.712	832	693.545	492.366	253.965
<b>East Asia &amp; Pacific:</b>					
Australia	379.984	0	379.984	800.000	930.000
Cambodia	208	0	208	0	0
Fiji	523	0	523	0	0
Japan	892.465	0	892.465	604.800	398.600
Korea (Seoul)	402.466	0	402.466	671.000	1,201.000
Malaysia	30.430	0	30.430	20.450	250.000
Mongolia	66	0	66	11.640	0
New Zealand	15.733	0	15.733	15.700	0
Rep of Philippines	46.993	0	46.993	20.000	53.000
Singapore	90.179	0	90.179	656.015	250.000
Taiwan	244	0	244	0	0
Thailand	16.159	0	16.159	462.500	309.000
UNTAET (East Timor)	2.051	0	2.051	0	0
Regional Total	1,877.501	0	1,877.501	3,262.105	3,391.600
<b>Europe &amp; NIS:</b>					
Albania	3.940	0	3.940	6.300	3.200
Armenia		0		3.205	0
Austria	4.421	0	4.421	1.500	0
Azerbaijan	5.092	0	5.092	6.360	7.080
Belgium	128.839	0	128.839	5.746	5.868
Bosnia-Herzegovina	5.714	0	5.714	11.500	17.000
Bulgaria	7.795	0	7.795	21.300	21.500
Croatia	0	0	0	640	0
Czech Republic	37.396	0	37.396	4.800	5.000
Denmark	83.296	0	83.296	40.000	30.000
Estonia	389	0	389	14.500	4.700
Finland	7.887	0	7.887	98.975	17.075
France	23.400	0	23.400	27.630	57.000
Georgia	35.990	0	35.990	14.850	16.800
Germany	96.654	0	96.654	264.018	97.248
Greece	83.961	0	83.961	488.780	75.000
Hungary	29.623	0	29.623	20.951	3.194
Ireland	138	0	138	132	14
Italy	93.805	0	93.805	242.000	130.000
Kazakhstan	6.049	0	6.049	8.000	6.000
Kyrgyzstan	0	0	0	1.000	5.000
Latvia	7.437	0	7.437	12.900	6.500
Lithuania	9.653	0	9.653	15.430	4.300
Luxembourg	752	0	752	0	500
Macedonia (FYROM)	1.906	0	1.906	5.500	4.800
Moldova	633	0	633	1.250	1.450
Netherlands	243.414	0	243.414	396.100	153.350
Norway	78.359	0	78.359	61.000	63.000
Poland	6.876	0	6.876	118.380	27.500
Portugal	87.645	0	87.645	167.400	26.000
Romania	14.643	0	14.643	29.000	25.000
Slovakia	4.670	0	4.670	4.800	5.700
Slovenia	5.039	0	5.039	1.500	2.150
Spain	135.685	0	135.685	613.400	18.503
Sweden	102.434	0	102.434	18.350	13.000
Switzerland	21.076	0	21.076	7.900	6.700

	FY 2005 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIG	TOTAL	2006	2007
Turkey	1,330,601	0	1,330,601	524,000	200,000
Turkmenistan	233	0	233	2,200	0
Ukraine	280	0	280	10,000	3,000
United Kingdom	361,864	0	361,864	224,426	163,420
Uzbekistan	0	0	0	2,757	0
<b>Regional Total</b>	<b>3,067,586</b>	<b>0</b>	<b>3,067,586</b>	<b>3,498,480</b>	<b>1,226,552</b>
<b>Near East &amp; South Asia</b>					
Afghanistan	253,108	201,577	454,685	995,000	1,172,000
Bahrain	26,547	0	26,547	82,926	626,000
Bangladesh	571	0	571	0	0
Egypt	1,107,753	46,961	1,154,714	406,475	2,383,900
India	85,592	0	85,592	264,000	1,028,000
Iraq	108,910	0	108,910	0	0
Israel	507,536	79,493	587,029	581,000	600,000
Jordan	123,471	0	123,471	225,030	276,200
Kuwait	101,811	0	101,811	476,600	639,000
Lebanon	1,250	0	1,250	2,500	0
Morocco	16,016	0	16,016	10,000	17,700
Nepal	4,553	0	4,553	1,500	1,500
Oman	47,062	0	47,062	41,000	0
Pakistan	491,922	0	491,922	406,000	200,000
Qatar	51	0	51	20,000	0
Saudi Arabia	747,929	0	747,929	1,816,700	2,455,500
Taiikistan	0	0	0	275	0
Tunisia	1,137	0	1,137	9,930	9,930
United Arab Emirates	26,637	0	26,637	285,500	88,000
Yemen	13,620	0	13,620	4,582	0
<b>Regional Total</b>	<b>3,665,476</b>	<b>328,031</b>	<b>3,993,505</b>	<b>5,629,018</b>	<b>9,497,730</b>
<b>Non-Regional:</b>					
Classified Totals (A)	136,923	0	136,923	0	0
International Org.	56,224	0	56,224	50,000	50,000
<b>Non-Regional Total</b>	<b>193,147</b>	<b>0</b>	<b>193,147</b>	<b>50,000</b>	<b>50,000</b>
<b>Worldwide Total</b>	<b>9,518,421</b>	<b>328,970</b>	<b>9,847,391</b>	<b>12,971,852</b>	<b>14,430,147</b>

Note: Totals May Not Add Due To Rounding.

(A) For Further Information, Please See Classified Annex To This Document.



## Foreign Military Sales Administrative Costs

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of two and one-half percent (2.5%) is applied to most FMS cases written on or after June 1, 1999. For cases written before that time, a three percent (3%) rate is applied. A five percent (5%) rate is applied to non-standard articles and services and supply support arrangements. In addition, a "logistics support charge" of three-point-one percent (3.1%) is applied on certain deliveries of spare parts, equipment modifications, secondary support equipment and supplies. These administrative funds collected from the FMS customer are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation, procurement, program control, ADP operations, accounting, budgeting and other financial program management. About one-half of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSCA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The ceiling request to be included in Foreign Operations, Export Financing and Related Programs Appropriations Act of 2006, is \$373 million on obligations of FMS administrative funds. All FMS administrative budget obligations and expenditures are from FMS customers' funds that have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund account. There is no net outlay impact on the U.S. budget from the operations of the FMS administrative budget.

In FY 2007, \$359 million is required. DoD's FMS workload is level as indicated by actual sales between FY's 2001-2004 in the \$12-13 billion range, FY 2005 sales was in the \$10.5 billion range and anticipated sales for FY 2006 is in the \$13 billion range.

The following table shows FMS administrative budget amounts for FY's 2005-2007.

**Foreign Military Sales Administrative Costs/Workyears**  
(\$ in millions)

	FY 2005 Actual		FY 2006 Estimate		FY 2007 Request	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	2,563	231.479	2,411	226.771	2,395	225.536
Other Defense Activities	639	102.361	628	110.573	615	97.951
Overseas (Net)	327	33.160	366	35.656	366	35.513
<b>Total</b>	<b>3,529</b>	<b>367.000</b>	<b>3,405</b>	<b>373.000</b>	<b>3,376</b>	<b>359.000</b>

## Overseas Military Program Management

United States military personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance programs. These individuals, along with U.S. civilians and local national civilians serve under the direction and supervision of the Chiefs of U.S. Diplomatic Missions. The SAO provides liaison among the Mission, the Department of Defense, and the host country defense establishment in security assistance matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute training programs and to accomplish realistic and effective procurement actions. These efforts are key to the development of a defense infrastructure capable of integrating weapons and support systems into the existing force structure. Professional exchanges and cooperative planning contribute to effective and efficient country security assistance programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the Combatant Commands to ensure that SAOs are properly staffed to conduct their missions efficiently

In FY 2006, separate SAOs will be assigned to ninety-nine countries. In seventeen additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security assistance relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security assistance authorized staffing levels and associated costs at the conclusion of FY 2005 and the estimated levels for FY 2006 and FY 2007. Actual assigned strengths for FY 2005 and FY 2006 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

The following is a glossary of Organizations assigned to U.S. Diplomatic Missions overseas that manage host country security assistance programs:

### U.S. SECURITY ASSISTANCE ORGANIZATIONS

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
NLO	Navy Liaison Office
ODC	Office of Defense Cooperation
ODR	Office of Defense Representative
ODRP	Office of Defense Representative - Pakistan
OMC	Office of Military Cooperation
OMC-K	Office of Military Cooperation - Kuwait
SAO	Security Assistance Office
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission

**Overseas Military Program Management – Costs**  
(\$ in thousands)

ORG.	FY 2005 Actual			FY 2006 Estimate			FY 2007 Request			
	FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	TOTAL	
<b><u>Africa:</u></b>										
Angola	DAO	57	0	57	15	0	15	16	0	16
Benin	EMBASSY	94	0	94	71	0	71	77	0	77
Botswana	ODC	405	45	450	333	37	370	442	37	479
Cameroon	DAO	13	0	13	19	0	19	20	0	20
Cape Verde	EMBASSY	12	0	12	22	0	22	23	0	23
Chad	DAO	74	0	74	55	0	55	81	0	81
Cote d'Ivoire	DAO	19	0	19	25	0	25	27	0	27
Congo (Kinshasa)	DAO	0	0	0	31	0	31	0	0	0
Djibouti	USLO	348	180	528	485	185	670	528	185	713
Eritrea	USLO	365	14	379	409	18	427	445	15	460
Ethiopia	SAO	248	62	310	213	63	276	271	63	334
Gabon	EMBASSY	26	0	26	33	0	33	35	0	35
Ghana	ODC	303	0	303	343	0	343	373	0	373
Guinea	DAO	21	0	21	27	0	27	29	0	29
Guinea-Bissau	EMBASSY	3	0	3	2	0	2	2	0	2
Kenya	KUSLO	801	349	1,150	863	370	1,232	940	370	1,310
Lesotho	EMBASSY	1	0	1	23	0	23	25	0	25
Madagascar	DAO	95	0	95	126	0	126	137	0	137
Malawi	EMBASSY	36	19	55	46	21	67	50	20	70
Mali	DAO	29	0	29	34	0	34	32	0	32
Mauritania	EMBASSY	21	0	21	19	0	19	36	0	36
Mozambique	DAO	19	0	19	25	0	25	21	0	21
Namibia	DAO	59	25	84	66	29	95	64	15	79
Niger	DAO	30	0	30	39	0	39	33	0	33
Nigeria	ODC	478	205	683	412	206	618	521	206	727
Rwanda	DAO	40	0	40	48	0	48	52	0	52
Sao Tome & Principe	EMBASSY	11	0	11	18	0	18	19	0	19
Senegal	ODC	340	85	425	313	86	399	371	86	457
Seychelles	EMBASSY	113	0	113	91	0	91	124	0	124
South Africa	ODC	331	110	442	337	112	449	367	112	479
Tanzania	DAO	10	0	10	19	0	19	20	0	20
Togo	EMBASSY	8	0	8	18	0	18	19	0	19
Uganda	DAO	17	0	17	25	0	25	27	0	27
Zambia	DAO	13	0	13	22	0	22	23	0	23
Zimbabwe	DAO	12	0	12	15	0	15	16	0	16
<b>Regional Total</b>		<b>4,451</b>	<b>1,094</b>	<b>5,546</b>	<b>4,641</b>	<b>1,127</b>	<b>5,768</b>	<b>5,266</b>	<b>1,109</b>	<b>6,375</b>
<b><u>Western Hemisphere:</u></b>										
Argentina	MILGP	315	89	404	335	91	426	365	91	456
Bahamas	USNLO	22	0	22	23	0	23	25	0	25
Belize	MLO	160	59	219	260	62	322	283	62	345
Bolivia	MILGP	693	183	876	697	186	883	759	186	945
Brazil	MLO	291	125	416	265	126	391	317	126	443
Canada	DAO	0	184	184	0	156	156	0	156	156
Chile	MILGP	245	245	491	191	191	381	267	267	534
Colombia	MILGP	547	642	1,188	464	645	1,109	596	645	1,241
Costa Rica	ODR	350	117	467	359	120	479	391	120	511
Dominican Republic	MAAG	360	120	481	357	124	476	393	124	517
Eastern Caribbean	MLO	253	103	356	319	114	433	347	112	459
Ecuador	MILGP	490	210	700	483	212	695	535	212	747
El Salvador	MILGP	524	180	704	490	174	664	572	174	746

ORG.	FY 2005 Actual			FY 2006 Estimate			FY 2007 Request			
	FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	TOTAL	
<b>Western Hemisphere:</b>										
<b>Con't:</b>										
Guatemala	MILGP	363	0	363	295	0	295	396	0	396
Guyana	MLO	14	11	25	20	11	31	22	11	33
Haiti	MLO	753	0	753	767	0	767	836	0	836
Honduras	MILGP	557	239	796	513	238	751	607	238	845
Jamaica	MLO	348	71	419	375	73	448	408	73	481
Mexico	ODC	455	207	662	483	233	716	526	225	751
Nicaragua	MLO	160	79	239	185	91	276	202	86	288
Panama	ODC	130	28	158	174	31	205	190	30	220
Paraguay	ODC	224	12	235	233	11	244	254	11	265
Peru	MAAG	452	87	539	569	87	656	620	87	707
Suriname	DAO	16	0	16	23	0	23	25	0	25
Trinidad & Tobago	MLO	37	14	51	43	11	53	47	11	58
Uruguay	ODC	152	85	237	230	91	321	251	91	343
Venezuela	MILGP	284	139	423	309	164	473	337	151	488
<b>Regional Total</b>		<b>8,195</b>	<b>3,228</b>	<b>11,329</b>	<b>8,462</b>	<b>3,242</b>	<b>11,699</b>	<b>9,571</b>	<b>3,289</b>	<b>12,860</b>
<b>East Asia &amp; Pacific:</b>										
Australia	ODC	87	350	437	100	375	475	109	375	484
Cambodia	DAO	111	37	149	144	62	206	156	40	196
East Timor	SAO	115	49	164	139	74	213	151	53	204
Fiji	SAO	230	26	255	265	54	319	288	28	316
Indonesia	ODC	329	102	431	354	127	481	385	111	496
Japan	MDAO	231	1,431	1,662	213	1,616	1,829	252	1,559	1,811
Malaysia	ODC	265	265	530	290	290	580	316	316	632
Mauritius	EMBASSY	76	0	76	101	0	101	110	0	110
Mongolia	DAO	165	0	165	208	0	208	227	0	227
New Zealand	DAO	0	120	120	0	187	187	0	130	130
Philippines	JUSMAG	367	448	815	395	482	877	431	482	913
Singapore	ODC	129	723	852	135	775	910	147	775	922
South Korea	JUSMAG	266	1,575	1,841	291	1,597	1,888	317	1,449	1,766
Thailand	JUSMAG	536	685	1,221	550	712	1,262	600	712	1,312
Vietnam	DAO	27	0	27	60	0	60	65	0	65
<b>Regional Total</b>		<b>2,934</b>	<b>5,811</b>	<b>8,745</b>	<b>3,244</b>	<b>6,352</b>	<b>9,595</b>	<b>3,554</b>	<b>6,030</b>	<b>9,584</b>
<b>Europe &amp; Eurasia:</b>										
Albania	ODC	222	74	296	252	92	344	275	76	351
Armenia	ODC	124	67	191	144	89	233	157	73	230
Austria	ODC	16	302	318	40	319	359	44	319	363
Azerbaijan	ODC	179	77	255	197	99	296	215	83	298
Belgium	ODC	26	514	514	54	550	604	59	550	609
Bosnia	ODC	223	95	318	242	107	349	264	103	367
Bulgaria	ODC	212	212	424	192	192	384	231	231	462
Croatia	ODC	240	103	343	276	118	395	301	112	413
Czech Republic	ODC	193	289	482	152	273	425	210	273	483
Denmark	ODC	78	442	520	69	413	482	85	413	498
Estonia	ODC	292	157	449	256	148	394	318	148	466
Finland	DAO	1	13	14	1	14	15	1	14	15
France	ODC	52	515	567	49	489	538	57	489	546
Georgia	ODC	213	71	284	191	74	265	232	74	306
Germany	ODC	73	655	727	75	675	750	82	675	757
Greece	ODC	783	1,454	2,237	499	1,473	1,972	853	1,470	2,323
Hungary	ODC	235	235	470	215	215	431	256	224	480
Italy	ODC	138	791	929	127	795	922	150	731	881
Kazakhstan	SAO	404	173	577	357	178	535	390	178	568
Kyrgyzstan	SAO	190	81	271	278	136	414	304	88	392

	ORG.	FY 2005 Actual			FY 2006 Estimate			FY 2007 Request		
		FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	TOTAL
<b><u>Europe &amp; Eurasia:</u></b>										
<b><u>Con't:</u></b>										
Latvia	ODC	176	95	271	132	114	246	144	103	247
Lithuania	ODC	248	106	354	255	127	364	278	115	393
Luxembourg	EMBASSY	7	16	23	5	19	24	6	17	23
Macedonia	ODC	205	98	303	223	117	340	244	106	350
Malta	EMBASSY	44	0	44	39	0	39	43	0	43
Moldova	ODC	207	41	248	149	49	198	163	22	185
Netherlands	ODC	90	512	603	77	564	641	84	450	534
Norway	ODC	77	240	317	74	288	362	81	217	298
Poland	ODC	361	670	1,031	383	754	1,137	418	702	1,120
Portugal	ODC	456	456	911	489	547	1,036	533	497	1,030
Romania	ODC	168	168	335	186	201	387	203	183	386
Russia	DAO	286	15	301	305	18	323	333	16	349
Slovakia	ODC	173	115	288	191	127	318	208	125	333
Slovenia	ODC	169	112	281	139	102	241	152	94	246
Spain	ODC	164	307	471	166	318	484	181	304	485
Sweden	ODC	0	12	12	0	17	17	0	13	13
Switzerland	DAO	0	36	36	0	42	42	0	39	39
Tajikistan	SAO	197	197	394	206	206	413	225	225	450
Turkey	ODC	1,411	1,496	1,411	1,528	1,323	2,851	1,666	1,078	2,744
Turkmenistan	DAO	161	0	161	147	0	147	161	0	161
Ukraine	ODC	207	102	309	219	104	323	239	102	341
United Kingdom	ODC	30	170	200	30	167	197	33	167	200
Uzbekistan	SAO	318	106	423	302	111	413	330	111	441
<b>Regional Total</b>		<b>9,045</b>	<b>11,390</b>	<b>20,422</b>	<b>8,911</b>	<b>11,766</b>	<b>18,994</b>	<b>10,209</b>	<b>11,043</b>	<b>21,252</b>
<b><u>Near East &amp; South Asia:</u></b>										
Afghanistan	OMC	90	275	365	124	330	454	145	300	445
Algeria	DAO	72	54	126	90	54	139	101	53	154
Bahrain	OMC	313	469	782	312	468	780	356	468	824
Bangladesh	ODC	187	62	250	229	74	306	250	67	317
Egypt	OMC	1,872	2,929	4,801	1,868	2,902	4,770	2,030	2,752	4,782
India	ODC	273	399	672	332	445	738	362	411	773
Iraq	OMC	0	0	0	0	0	0	0	0	0
Israel	DAO	12	124	125	16	148	161	18	131	149
Jordan	MAP	744	520	1,264	828	552	1,381	903	466	1,369
Kuwait	OMC	195	379	574	224	455	658	265	413	678
Lebanon	DAO	480	216	696	546	259	780	606	230	836
Morocco	ODC	568	199	767	509	195	704	619	174	793
Nepal	SAO	141	173	314	159	194	352	184	188	372
Oman	OMC	400	400	801	441	441	882	415	415	830
Pakistan	ODRP	363	297	661	470	354	824	515	323	838
Qatar	USLO	370	260	630	399	312	666	435	283	718
Saudi Arabia	USMTM	0	1,202	1,202	0	1,302	1,302	0	1,132	1,132
Sri Lanka	DAO	100	25	126	126	31	157	138	21	159
Tunisia	ODC	447	164	611	498	176	674	543	171	714
United Arab Emirates	USLO	210	838	1,048	239	957	1,197	261	881	1,142
Yemen	OMC	191	103	293	159	105	264	174	66	240
<b>Regional Total</b>		<b>7,030</b>	<b>9,089</b>	<b>16,107</b>	<b>7,569</b>	<b>9,755</b>	<b>17,324</b>	<b>8,320</b>	<b>8,944</b>	<b>17,264</b>
<b>WORLDWIDE TOTAL</b>		<b>31,656</b>	<b>30,613</b>	<b>62,269</b>	<b>32,826</b>	<b>32,241</b>	<b>65,067</b>	<b>36,920</b>	<b>30,415</b>	<b>67,335</b>

## Overseas Military Program Management - Personnel Strengths

	ORG.	FY 2005				FY 2006 ESTIMATE				FY 2007 REQUEST			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
<b><u>Africa:</u></b>													
Botswana	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Chad	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Djibouti	USLO	1	0	1	2	1	0	1	2	1	0	1	2
Eritrea	USLO	1	0	0	1	1	0	0	1	1	0	0	1
Ethiopia	SAO	2	0	0	2	2	0	0	2	2	0	0	2
Ghana	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Kenya	KUSLO	4	2	1	7	4	2	1	7	4	2	1	7
Liberia	ODC	1	0	0	1	3	1	0	4	3	1	0	4
Namibia	EMB /b	0	0	0	0	0	0	0	0	0	0	0	0
Niger	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Nigeria	ODC	3	0	0	3	3	0	0	3	3	0	0	3
Rwanda	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Senegal	ODC	2	0	2	4	2	0	2	4	2	0	2	4
South Africa	ODC	2	0	0	2	2	0	0	2	2	0	0	2
<b>Regional total</b>		<b>19</b>	<b>2</b>	<b>8</b>	<b>29</b>	<b>21</b>	<b>3</b>	<b>8</b>	<b>32</b>	<b>21</b>	<b>3</b>	<b>8</b>	<b>32</b>
<b><u>Western Hemisphere:</u></b>													
Argentina	USMILGP	3	0	3	6	3	0	3	6	3	0	3	6
Barbados	USMLO c/	3	0	0	3	3	0	0	3	3	0	0	3
Belize	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Bolivia	USMILGP	4	1	2	7	4	1	2	7	4	1	2	7
Brazil	USMLO	4	0	0	4	4	0	0	4	4	0	0	4
Canada	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Chile	USMILGP	2	0	2	4	2	1	2	5	2	1	2	5
Colombia	USMILGP	6	1	3	10	6	2	3	11	6	2	3	11
Costa Rica	ODR	1	0	2	3	1	0	2	3	1	0	2	3
Dominican Republic	USMAAG	2	0	0	2	2	0	0	2	2	0	0	2
Ecuador	USMILGP	5	1	2	8	5	1	2	8	5	1	2	8
El Salvador	USMILGP	3	0	2	5	3	0	2	5	3	0	2	5
Guatemala	USMILGP	1	0	1	2	1	0	1	2	1	0	1	2
Guyana	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Haiti	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Honduras	USMILGP	4	1	2	7	4	1	2	7	4	1	2	7
Jamaica	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Mexico	ODC	3	1	4	8	3	1	4	8	3	1	4	8
Panama	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Nicaragua	MLO	2	1	1	4	2	1	1	4	2	1	1	4
Paraguay	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Peru	USMAAG	1	1	3	5	1	0	3	4	1	0	3	4
Suriname	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Trinidad and Tobago	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Uruguay	USODC	2	0	2	4	2	0	2	4	2	0	2	4
Venezuela	USMILGP	2	1	3	6	2	0	3	5	2	0	3	5
<b>Regional Total</b>		<b>59</b>	<b>8</b>	<b>35</b>	<b>102</b>	<b>59</b>	<b>8</b>	<b>35</b>	<b>102</b>	<b>59</b>	<b>8</b>	<b>35</b>	<b>102</b>
<b><u>East Asia &amp; Pacific:</u></b>													
Australia	ODC	4	0	1	5	5	0	1	6	5	0	1	6
Cambodia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
East Timor	ODC	0	0	0	0	1	0	0	1	1	0	0	1
Fiji	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Indonesia	ODC	4	0	5	9	3	0	5	8	4	0	5	9
Japan	MDAO	5	3	6	14	5	3	6	14	5	3	6	14
Malaysia	ODC	2	0	5	7	2	0	5	7	2	0	5	7
Mongolia	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
New Zealand	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Papua New Guinea	ODC	0	0	0	0	0	0	0	0	0	0	0	0
Philippines	JUSMAG	11	2	4	17	11	2	4	17	11	2	4	17
Singapore	ODC	5	0	3	8	5	0	3	8	5	0	3	8
South Korea	JUSMAG-K	11	1	12	24	11	1	12	24	11	1	12	24
Thailand	JUSMAG	11	1	11	23	11	1	11	23	11	1	11	23
Vietnam	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
<b>Regional Total</b>		<b>55</b>	<b>7</b>	<b>53</b>	<b>115</b>	<b>56</b>	<b>7</b>	<b>53</b>	<b>117</b>	<b>57</b>	<b>7</b>	<b>53</b>	<b>117</b>

	ORG.	FY 2005				FY 2006 ESTIMATE				FY 2007 REQUEST			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
<b>Europe:</b>													
Albania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Armenia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Austria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Azerbaijan	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Belgium	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Bosnia	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Bulgaria	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Croatia	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Czech Republic	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Denmark	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Estonia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
France	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Georgia	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Germany	ODC	5	2	3	10	5	2	3	10	5	2	3	10
Greece	ODC	7	3	8	18	6	3	8	17	6	3	8	17
Hungary	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Italy	ODC	5	0	4	9	5	0	4	9	5	0	4	9
Kazakhstan	SAO	2	0	1	3	2	0	1	3	2	0	1	3
Kyrgyzstan	SAO	2	0	1	3	2	0	1	3	2	0	1	3
Latvia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Lithuania	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Macedonia (FYROM)	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Moldova	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Netherlands	ODC	2	1	2	5	2	1	2	5	2	1	2	5
Norway	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Poland	ODC	5	0	3	8	6	0	3	9	6	0	3	9
Portugal	ODC	5	1	3	9	4	1	3	8	4	1	3	8
Romania	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Russia	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
Serbia	ODC	0	0	0	0	0	0	0	0	1	0	0	1
Slovakia	ODC	2	0	0	2	1	0	0	1	1	0	0	1
Slovenia	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Spain	ODC	3	5	2	10	2	5	2	9	2	5	2	9
Sweden	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Tajikistan	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Turkey	ODC	18	2	5	25	17	2	5	24	17	2	5	24
Turkmenistan	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Ukraine	ODC	1	0	1	2	1	0	1	2	1	0	1	2
United Kingdom	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Uzbekistan	SAO	3	0	1	4	3	0	1	4	3	0	1	4
<b>Regional Total</b>		<b>91</b>	<b>19</b>	<b>60</b>	<b>170</b>	<b>87</b>	<b>19</b>	<b>60</b>	<b>166</b>	<b>88</b>	<b>19</b>	<b>60</b>	<b>167</b>
<b>Near East/South Asia:</b>													
Afghanistan	OMC	6	0	3	9	6	0	3	9	6	0	3	9
Algeria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Bahrain	OMC	6	1	0	7	6	1	0	7	6	1	0	7
Bangladesh	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Egypt	OMC	28	8	12	48	28	8	12	48	28	8	12	48
India	ODC	4	1	3	8	5	0	3	8	5	0	3	8
Iraq	OMC	0	0	0	0	0	0	0	0	10	0	0	10
Israel	DAO a/	1	0	0	1	1	0	0	1	3	0	0	3
Jordan	MAP	9	1	4	14	9	1	4	14	9	1	4	14
Kuwait	OMC	10	1	1	12	10	1	1	12	10	1	1	12
Lebanon	DAO a/	1	0	3	4	1	0	3	4	1	0	3	4
Madagascar	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Morocco	ODC	3	1	4	8	3	1	4	8	3	1	4	8
Nepal	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Oman	OMC	6	1	1	8	6	1	1	8	6	1	1	8
Pakistan	ODRP	4	1	3	8	4	1	3	8	4	1	3	8
Qatar	USLO	3	0	0	3	3	0	0	3	3	0	0	3
Saudi Arabia	USMTM	63	0	8	71	63	0	8	71	63	0	8	71
Sri Lanka	ODC	0	0	1	1	1	0	1	2	1	0	1	2
Tunisia	ODC	4	1	1	6	4	1	1	6	4	1	1	6
United Arab Emirates	USLO	6	1	1	8	6	1	1	8	6	1	1	8
Yemen	OMC	2	0	1	3	1	0	1	2	1	0	1	2
<b>Regional Total</b>		<b>160</b>	<b>17</b>	<b>49</b>	<b>226</b>	<b>160</b>	<b>16</b>	<b>49</b>	<b>226</b>	<b>173</b>	<b>16</b>	<b>49</b>	<b>238</b>



ORG.	FY2005				FY 2006 ESTIMATE				FY 2007 REQUEST			
	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
<b>WORLDWIDE TOTAL</b>	384	53	205	642	383	53	205	643	398	53	205	656

a/ Personnel authorized to assist the DAO with security assistance management functions.

b/ Personnel authorized to assist the Embassy with security assistance management functions.

c/ Manages programs for Eastern Caribbean countries.

## **Excess Defense Articles**

The Excess Defense Articles (EDA) program enables the United States to meet foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. EDA may be sold to any country eligible to purchase defense articles or provided on a grant basis to countries justified in the country papers to receive grant EDA. Providing EDA on a grant basis turns U.S. defense items that are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock into instruments that meet a number of our national security interests. Some of the objectives met by EDA are: strengthening coalitions, cementing bilateral foreign military relationships, enhancing interoperability, furthering legitimate modernization efforts of our allies, aiding in multilateral peacekeeping efforts, combating illegal narcotics production and narco-trafficking, and aiding in demining assistance programs.

Providing EDA on a grant basis has contributed to our foreign policy successes. This excess equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking and has permitted many South American and African nations to participate in support of U.S. and UN peacekeeping operations. Grant EDA contributes to regional stability by supporting the ongoing military reform efforts of democratic governments in central and eastern Europe and the Baltics. Additionally, grant EDA has a positive global impact – furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform and fighting the spread of illicit narcotics.

EDA articles are transferred in an “as is, where is” condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the United States, with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies that do not present proliferation concerns.

Each grant eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA, nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

**Grants of Excess Defense Articles**  
**Under the Provisions of the Foreign Assistance Act**  
(\$ in thousands)

	OFFERED IN FY 2005		DELIVERED IN FY 2005	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<b><u>AFRICA:</u></b>				
SAO TOME & PRINCIPE	457	139	0	0
SENEGAL	0	0	4,020	759
<b>REGIONAL TOTAL</b>	<b>457</b>	<b>139</b>	<b>4020</b>	<b>759</b>
<b><u>EAST ASIA &amp; PACIFIC:</u></b>				
PHILIPPINES	1,476	235	0	0
<b>REGIONAL TOTAL</b>	<b>1,476</b>	<b>235</b>	<b>0</b>	<b>0</b>
<b><u>EUROPE &amp; EURASIA:</u></b>				
GEORGIA	6,617	905	4,177	417
GREECE	0	0	2	0
HUNGARY	2,711	1,085	0	0
KAZAKHSTAN	1,845	185	0	0
MOLDOVA	0	0	287	91
PORTUGAL	139,403	27,281	0	0
<b>REGIONAL TOTAL</b>	<b>150,576</b>	<b>29,456</b>	<b>4466</b>	<b>508</b>
<b><u>NEAR EAST &amp; SOUTH ASIA:</u></b>				
AFGHANISTAN	47,205	9,441	20,272	4,055
BAHRAIN	54,683	5,677	26,882	3,828
EGYPT	20,857	4,238	18,517	3,682
IRAQ	0	0	11,806	7,031
ISRAEL	23,280	4,842	76,348	16,112
JORDAN	58,134	9,317	4,077	815
MOROCCO	72,588	14,336	45,191	8,346
NEPAL	5,110	1,533	2,772	1,121
PAKISTAN	1,662	665	0	0
YEMEN	0	0	0	0
<b>REGIONAL TOTAL</b>	<b>283,519</b>	<b>50,049</b>	<b>205,865</b>	<b>44,990</b>
<b><u>WESTERN HEMISPHERE:</u></b>				
BELIZE			288	47
BOLIVIA	0	0	164	76
COLOMBIA	915	275	0	0
DOMINICAN REPUBLIC	0	0	2,222	518
ECUADOR	0	0	541	142
GAUTEMALA	929	279	1,108	166
SURINAME	0	0	1	0
<b>REGIONAL TOTAL</b>	<b>1,844</b>	<b>554</b>	<b>4,324</b>	<b>949</b>
<b>WORLDWIDE TOTAL</b>	<b>437,872</b>	<b>80,433</b>	<b>218,675</b>	<b>47,206</b>

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles  
Under Foreign Military Sales Provisions**  
(\$ in thousands)

	OFFERED IN FY 2005		DELIVERED IN FY 2005	
	ACQ.	CURRENT	ACQ.	CURRENT
	VALUE	VALUE	VALUE	VALUE
<b><u>EAST ASIA &amp; PACIFIC:</u></b>				
AUSTRALIA	6,275	314	304	137
<b>REGIONAL TOTAL</b>	<b>6,275</b>	<b>314</b>	<b>304</b>	<b>137</b>
<b><u>EUROPE &amp; EURASIA:</u></b>				
DENMARK	175	70	0	0
LUXEMBOURG	42	4	42	4
SPAIN	4,104	552	0	0
TURKEY	17,597	7,038	422	169
<b>REGIONAL TOTAL</b>	<b>21,918</b>	<b>7,664</b>	<b>464</b>	<b>173</b>
<b><u>WESTERN HEMISPHERE:</u></b>				
BRAZIL	98	30	0	0
<b>REGIONAL TOTAL</b>	<b>98</b>	<b>30</b>	<b>0</b>	<b>0</b>
<b><u>NEAR EAST &amp; SOUTH ASIA:</u></b>				
ISRAEL	0	0	115	46
NEW ZEALAND	150	75	0	0
TAIWAN	0	0	547,083	27,354
<b>REGIONAL TOTAL</b>	<b>150</b>	<b>75</b>	<b>547,198</b>	<b>27,400</b>
<b><u>OTHER DAO:</u></b>				
CANADA	14,098	1,304	0	0
<b>REGIONAL TOTAL</b>	<b>14,098</b>	<b>1,304</b>	<b>0</b>	<b>0</b>
<b>WORLDWIDE TOTAL</b>	<b>42,539</b>	<b>9,387</b>	<b>547,966</b>	<b>27,710</b>

NOTE: Totals may not add due to rounding

## **Leased Defense Articles**

The lease of defense articles can be authorized under the Arms Export Control Act (AECA), Chapter 6, if there are compelling U.S. foreign policy and national security reasons for providing defense articles on a lease rather than a sales basis. Defense articles cannot be leased if they are needed for public use during the period of the lease.

Except for leases entered into for the purposes of cooperative research or development, military exercises or communications or electronics interface projects, the country leasing the defense article(s) must agree to pay, in U.S. dollars, all costs incurred by the United States Government in leasing the article(s). These costs include reimbursement for depreciation of the article(s) while leased. In addition, the country must also pay the cost of restoration or replacement if the article(s) are damaged while leased. If the article(s) is lost or destroyed while leased, the U.S. requires funds to cover the replacement cost (less depreciation, if any) or an amount equal to the actual value (less depreciation) when the article(s) will not be replaced in the U.S. inventory.

The President may waive reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interests of the United States. In some cases, the President may waive the reimbursement of all lease charges with respect to a lease that is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense. Waivers for depreciation or reciprocity are made before the implementation of the lease agreement.

Leases are conducted for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense article(s).

**Leases Under the Arms Export Control Act Implemented FY 2005**  
(\$ in thousands)

	<b>REPLACEMENT VALUE</b>	<b>TOTAL RENTAL VALUE</b>
<b><u>Europe and Eurasia:</u></b>		
Spain	16,752	0
Regional Total	16,752	
 <b>WORLDWIDE TOTAL</b>	 <b>16,752</b>	 <b>0</b>

## **Stockpiling of Defense Articles for Foreign Countries**

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

In FY 2007, it is anticipated that no defense articles will be added to existing stockpiles as items are in sufficient supply to provide the necessary support.

**Value of Annual Ceiling for Stockpiling**  
(\$ in thousands)

<b>Fiscal Year</b>	<b>Amount Stockpiled</b>
1976	96,750
1977	125,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1987	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	378,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000
1998	60,000
1999	340,000
2000	60,000
2001	50,000
2002	0
2003	100,000
2004	0
2005	0
2006	0
2007	0



Countries and International Organizations Eligible for Purchasing Defense Articles and Services from the United States Government  
Country Date of Determination

<b>Africa</b>	<b>Date</b>	<b>Determination No.</b>
Angola	28-Jul-95	95-32
Benin	2-Jan-73	73-10
Botswana	6-Feb-79	79-05
Burkina Faso	2-Jan-73	73-10
Burundi	24-Aug-91	91-50
Cameroon	2-Jan-73	73-10
Cape Verde	10-Jun-86	86-11
Central African Republic	2-Feb-87	
Chad	1-Sep-77	77-20
Comoros	26-May-92	92-28
Cote D'Ivoire	2-Jan-73	73-10
Democratic Republic of Congo	24-Aug-91	91-49
Djibouti	17-May-82	82-15
Equatorial Guinea	28-Nov-83	84-02
Eritrea	18-Feb-94	94-15
Ethiopia	2-Jan-73	73-10
Gabon	2-Jan-73	73-10
Gambia	2-Feb-87	
Ghana	2-Jan-73	73-10
Guinea	2-Jan-73	73-10
Guinea-Bissau	10-Jun-86	86-11
Kenya	29-Oct-74	75-02
Lesotho	25-Oct-90	91-05
Liberia	2-Jan-73	73-10
Madagascar	10-Jun-86	86-11
Malawi	11-Feb-85	85-04
Mali	2-Jan-73	73-10
Mauritania	10-Jun-86	86-11
Mauritius	29-Oct-74	75-02
Mozambique	11-Feb-85	85-07
Namibia	25-Oct-90	91-04
Niger	2-Jan-73	73-10
Nigeria	2-Jan-73	73-10
Republic of the Congo	2-Jan-73	73-10

<b>Africa, Cont'd</b>	<b>Date</b>	<b>Determination No.</b>
Rwanda	27-Feb-81	81-03
Sao Tome & Principe	27-May-88	88-17
Senegal	2-Jan-73	73-10
Seychelles	20-Jul-89	89-18
Sierra Leone	5-Feb-85	85-05
Somalia	3-Mar-80	80-12
South Africa	27-Jun-94	94-29
Sudan	5-Nov-76	77-05
Tanzania	20-Jul-89	89-20
Togo	11-Feb-85	85-06
Uganda	20-Jul-89	89-21
Zambia	11-Aug-92	92-38
Zimbabwe	26-Oct-82	83-03
<b>East Asia &amp; Pacific</b>		
Australia	2-Jan-73	73-10
Brunei	2-Jan-73	73-10
Burma	2-Jan-73	73-10
Cambodia	2-Jan-73	73-10
China	12-Jun-84	84-11
Cook Islands	6-Jan-93	93-10
East Timor	27-May-02	02-19
Fiji	5-Aug-75	76-01
Indonesia	2-Jan-73	73-10
Japan	2-Jan-73	73-10
Korea	2-Jan-73	73-10
Kiribati	12-Mar-02	02-09
Laos	2-Jan-73	73-10
Malaysia	2-Jan-73	73-10
Marshall Islands	6-Jan-93	93-19
Micronesia	6-Jan-93	93-08
Mongolia	22-Aug-95	95-38
New Zealand	2-Jan-73	73-10
Palau	12-Mar-02	02-09
Papua New Guinea	4-Dec-80	80-29
Philippines	2-Jan-73	73-10
Samoa	6-Jan-93	93-13
Singapore	2-Jan-73	73-10

<b>East Asia &amp; Pacific, Cont'd</b>	<b>Date</b>	<b>Determination No.</b>
Solomon Islands	6-Jan-93	93-11
Taiwan	2-Jan-73	73-10
Thailand	2-Jan-73	73-10
Tonga	5-Nov-87	88-03
Tuvalu	12-Mar-02	02-09
Vanuatu	6-Jan-93	93-12
Vietnam	2-Jan-73	73-10
<b>Europe &amp; Eurasia</b>		
Albania	22-Mar-94	94-18
Armenia	18-Apr-02	02-15
Austria	2-Jan-73	73-10
Azerbaijan	18-Apr-02	02-15
Belgium	2-Jan-73	73-10
Bosnia and Herzegovina	23-Feb-96	96-10
Bulgaria	22-Mar-94	94-18
Croatia	8-Apr-99	99-21
Czech Republic	5-Jan-94	94-09
Denmark	2-Jan-73	73-10
Estonia	22-Mar-94	94-18
Finland	2-Jan-73	73-10
France	2-Jan-73	73-10
Georgia	11-Mar-97	97-19
Germany	2-Jan-73	73-10
Greece	2-Jan-73	73-10
Hungary	6-Dec-91	92-07
Iceland	2-Jan-73	73-10
Ireland	2-Jan-73	73-10
Italy	2-Jan-73	73-10
Kazakhstan	11-Mar-97	97-19
Kyrgyzstan	11-Mar-97	97-19
Latvia	22-Mar-94	94-18
Lithuania	22-Mar-94	94-18
Luxembourg	2-Jan-73	73-10
Macedonia	8-Mar-96	96-18
Malta	2-Jan-73	73-10
Moldova	11-Mar-97	97-19
Netherlands	2-Jan-73	73-10

<b>Europe &amp; Eurasia, Cont'd</b>	<b>Date</b>	<b>Determination No.</b>
Norway	2-Jan-73	73-10
Poland	6-Dec-91	92-08
Portugal	2-Jan-73	73-10
Romania	22-Mar-94	94-18
Russia	11-Mar-97	97-19
Serbia and Montenegro	6-May-03	03-22
Slovakia	5-Jan-94	94-10
Slovenia	8-Mar-96	96-18
Spain	2-Jan-73	73-10
Sweden	2-Jan-73	73-10
Switzerland	2-Jan-73	73-10
Tajikistan	18-Apr-02	02-15
Turkey	2-Jan-73	73-10
Turkmenistan	11-Mar-97	97-19
Ukraine	11-Mar-97	97-19
United Kingdom	2-Jan-73	73-10
Uzbekistan	11-Mar-97	97-19
<b>Near East</b>		
Algeria	10-Apr-85	85-12
Bahrain	2-Jan-73	73-10
Egypt	1-Aug-77	77-17
Iran	2-Jan-73	73-10
Iraq	21-Jul-04	04-40
Israel	2-Jan-73	73-10
Jordan	2-Jan-73	73-10
Kuwait	2-Jan-73	73-10
Lebanon	2-Jan-73	73-10
Libya	2-Jan-73	73-10
Morocco	2-Jan-73	73-10
Oman	2-Jan-73	73-10
Qatar	2-Jan-73	73-10
Saudi Arabia	2-Jan-73	73-10
Tunisia	2-Jan-73	73-10
United Arab Emirates	2-Jan-73	73-10
Yemen	2-Jan-73	73-10

<b>South Asia</b>	<b>Date</b>	<b>Determination No.</b>
Afghanistan	2-Jan-73	73-10
Bangladesh	31-Dec-80	81-01
India	2-Jan-73	73-10
Nepal	2-Jan-73	73-10
Pakistan	2-Jan-73	73-10
Sri Lanka	2-Jan-73	73-10
<b>Western Hemisphere</b>		
Antigua & Barbuda	8-Apr-82	82-12
Argentina	2-Jan-73	73-10
Bahamas	13-Dec-78	79-09
Barbados	21-Jun-79	79-11
Belize	23-Nov-81	82-02
Bolivia	2-Jan-73	73-10
Brazil	2-Jan-73	73-10
Canada	2-Jan-73	73-10
Chile	2-Jan-73	73-10
Colombia	2-Jan-73	73-10
Costa Rica	2-Jan-73	73-10
Dominica	13-Mar-80	80-14
Dominican Republic	2-Jan-73	73-10
Ecuador	2-Jan-73	73-10
El Salvador	2-Jan-73	73-10
Grenada	3-Apr-84	84-06
Guatemala	2-Jan-73	73-10
Guyana	30-Aug-93	93-35
Haiti	2-Jan-73	73-10
Honduras	2-Jan-73	73-10
Jamaica	2-Jan-73	73-10
Mexico	2-Jan-73	73-10
Nicaragua	2-Jan-73	73-10
Panama	2-Jan-73	73-10
Paraguay	2-Jan-73	73-10
Peru	2-Jan-73	73-10
St. Kitts-Nevis	9-Apr-84	84-07
St. Lucia	13-Mar-80	80-14
St. Vincent & Grenadines	13-Mar-80	80-14
Suriname	14-Apr-76	76-12

<b>Western Hemisphere, Cont'd</b>	<b>Date</b>	<b>Determination No.</b>
Trinidad & Tobago	2-Jan-73	73-10
Uruguay	2-Jan-73	73-10
Venezuela	2-Jan-73	73-10
<b>International Organization</b>		
Economic Community of West African States (ECOWAS)	17-Feb-00	00-13
NATO and its Agencies	2-Jan-73	73-10
African Union	24-Sep-04	04-50
Organization of African Unity (Succeeded by the African Union)	25-Aug-92	92-44
Organization of American States	2-Jan-73	73-10
Organization for Security and Cooperation in Europe	30-Jun-99	99-31
Regional Security Systems	4-Jan-04	04-20
United Nations and its Agencies	2-Jan-73	73-10

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA) and Section 503 of the Foreign Assistance act, as amended (FAA), the above is a listing of the countries and international organizations that the President has determined to be eligible under Section 3(a)(1) of the AECA to purchase defense articles and services. A determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

## **End-Use Monitoring of Defense Articles and Services Government-to-Government Services**

### Introduction

In 1996, Congress amended [Public Law 104-164] Section 40A [22 U.S.C. 2785] of the Arms Export Control Act to require "...to the extent practicable, such program shall be designed to provide reasonable assurances that the recipient is complying with the requirements imposed by the United States Government with respect to the use, transfers, and security of defense articles and monitoring of U.S. arms transfers, and security of defense articles and services." Section 40A also requires an annual report to Congress on the actions taken to implement the end-use monitoring program, to include detailed accounting of costs and number of personnel associated with the monitoring program. This report describes the actions the Department of Defense is taking to comply with its end-use monitoring requirements in accordance with the Arms Export Control Act (AECA).

### Department of Defense (DoD) End-Use Monitoring (EUM) - Golden Sentry

The Department of Defense Golden Sentry program is responsible for compliance with Section 40A of the AECA. Golden Sentry monitors government-to-government transfers to ensure that the defense articles and services get to the right purchasers and that defense articles and services provided by the United States Government (USG) are utilized and safeguarded in accordance with the terms and conditions for the transfers. Primarily, Golden Sentry's objectives are to minimize security risks to the U.S., its friends and allies, and to ensure compliance with the technology control requirements that are associated with U.S.-origin arms transfers via government-to-government programs.

### EUM compliance of the AECA within DoD is a multi-phased process:

#### DoD Processes *Prior* to Any Transfer- Pre-checks and Vetting

There is no more thorough debate during a sensitive arms transfer than that which takes place within the Department of Defense and at State Department before we come to consensus in support of a sensitive arms transfer. In view of the serious consequences of the proliferation of dangerous weapons and technologies, we believe by 'front-loading' this array of processes and procedures we mitigate these risks.

Each proposed transfer is thoroughly vetted by many different organizations and offices to ensure releasability, disclosure, and other concerns are addressed. The most important restrictions placed on these exports, indeed the fundamental elements of the U.S. export control regime involve establishing the trustworthiness of the end-user and the actual "end-use" *before* approval of any defense article's transfer. Foreign customers' requests for significant military equipment are coordinated closely with the combatant commanders and the U.S. country team. The U.S. country team must assess several aspects of the transfer to include political impacts in the region as well as the ability of the host nation and the security assistance organization in country to properly perform their end-use monitoring responsibilities. The endorsement of the combatant commander and consistency with Theater Security Cooperation strategy and implementation plans are critical. During this "pre-sale" process, determinations are made as to whether a country has the will and the capability to secure, account for, and operate these systems within the requirements established by the United States. For some systems, approval must be obtained from the National Disclosure Policy Committee for release to each specific country. Finally, formal Congressional Notification is required prior to any offer being made and these notifications clearly identify the customer and the capability being proposed for transfer and provide an opportunity for further discussion or rejection of a proposed transfer.

### DoD Processes *During* Transfer- Government-to-Government Agreements

When materiel, services, or training are provided under Foreign Military Sales, there is a government-to-government agreement (known in our terminology as a Letter of Offer and Acceptance or “LOA”) between the United States and the foreign government or international organization. This agreement spells out the type and quantities of items to be sold, as well as any unique end-use monitoring requirements that might be necessary based on the complexity or sensitivity of the actual equipment or technologies being provided. These notes or LOA conditions may require the country to secure, account for, and operate the systems in accordance with provisos that equal the requirements of the U.S. Military Departments. The conditions of the LOA may also inform the country that the USG may travel in country to physically inventory or otherwise monitor the use of specific types of equipment---either as part of routine visits or to verify reports of unauthorized use---and by signing the document they agree to these conditions. While we must be sensitive to issues of sovereignty with our foreign friends and allies, they must understand that our law mandates the need for the USG to monitor and ensure compliance with the provided articles and services. DSCA processed approximately 3,762 LOAs in FY05 for a total value of \$10.6B.

### DoD Processes *After* Transfer - End-Use Monitoring and Compliance

The purpose of the “Golden Sentry” program is to scrutinize the foreign purchaser’s use of defense articles and services (to include training) to ensure their use is in compliance with the agreements under which they were provided. The “Golden Sentry” program is relatively new program. Implemented in 2001, we are still in the process of implementing procedures throughout the security assistance/cooperation community. The program levies monitoring and compliance requirements not only on the host nation, but also on our security assistance organizations as well as our military departments. It also provides for compliance visits where EUM “Tiger Teams” travel to countries to ensure proper end-use and accountability procedures are being used by our foreign partners and security assistance personnel.

DSCA’s priority is the Enhanced EUM program that monitors: man portable air defense systems (MANPADS), such as Stinger Missiles and grip stocks; long range, highly capable man portable land attack missiles (such as JAVELIN and Tube-Launched, Optically-Tracked, Wire-Guided missile (TOW-2B)); and beyond visual range air-to-air missiles (such as the AIM-120 AMRAAM). Other items on the Enhanced EUM list include Night Vision Devices, Communications Security (COMSEC) Equipment, and Grant Assistance defense articles and services provided under the provision of Section 505 of the FAA, e.g., Military Assistance Program (MAP), Foreign Military Financing, et al. Additional Enhanced EUM items that were added in 2004 were the AIM-9X Sidewinder, the Harpoon Block II missiles and the entire family of precision guided munitions, i.e., the Joint Stand-Off Weapon (JSOW) and the Joint Direct Attack Munitions (JDAM). During recent EUM “Tiger Team” visits, DSCA have also assessed and inventoried the AGM-84 Harpoon and AGM-114 Hellfire missiles.

### **EUM Guidance**

DSCA has published four policy memoranda to promulgate clearly the direction of the EUM Golden Sentry program; and the first four policy memoranda are incorporated into the Security Assistance Management Manual (SAMM). .

1. The first memorandum published was “End-Use Monitoring (EUM) Responsibilities in Support of the Department of Defense Golden Sentry EUM Program (DSCA Policy Memo 02-43),” dated 4 December 2002. This policy delineated the responsibilities of the security assistance/cooperation community in support of the Golden Sentry program.
2. The second policy memorandum was titled “Revised Guidance for Stinger/Man Portable Air



Defense Systems (MANPADS) (DSCA Policy Memo 03-10),” dated 4 June 2003. This memorandum increased the U.S. inventory requirement by the security assistance organizations from 5% to 100% annually of foreign Stinger missiles, grip stocks and essential components.

3. A third policy memorandum is titled “Golden Sentry End-Use Monitoring (EUM) Visits Policy (DSCA Policy memo 04-11) dated 2 April 2004. This memorandum provides defined guidance for the conduct of three types of EUM visits: Familiarization, Tiger Team and Investigative.
4. The fourth policy memorandum was titled Golden Sentry End-Use Monitoring (EUM) STINGER Missile and Grip stock Inventory Standardized Procedures (DSCA Policy Memo 05-10) dated 29 March 2005. This policy promulgates a more refined procedure for Stinger Missile and grip stock inspection requirements. Additionally, it mandates all USG representatives adhere to the standards within the checklist in the conduct of Stinger missiles and grip stock inventories.

Two additional policy memoranda are currently in staffing.

5. The fifth policy memorandum currently in staffing is titled End-Use Monitoring (EUM) Policy Guidance for Funding (DSCA Policy Memorandum 05-XX). Since resources are currently managed at HQ DSCA for unfunded EUM requirements, this policy will disseminate to the Security Assistance Community the proper procedures for obtaining resources for Program Element 27 (PE#27 EUM). PE#27 accounts for the resources needed to implement the Department of Defense’s Golden Sentry EUM program throughout the security cooperation community).
6. The sixth policy memorandum also in staffing is titled End-Use Monitoring (EUM) Policy Guidance for Shipment/Delivery/Inventory Reporting (DSCA Policy Memorandum 05-XX). This memorandum fulfills the requirement, IAW Section 40A of AECA, to report to Congress on the actions taken to implement the end-use monitoring program to include detailed accounting of costs via a Manpower/Resource utilization report.

In 2006, DSCA will refine its guidance for implementation of DoD responsibilities in support of the Golden Sentry End-Use Monitoring program by publishing the two latter policy memorandums currently in staffing. Once staffing is completed, policy guidance that addresses how the EUM community shall budget funding for new Enhanced EUM requirements, and end of year data reporting formats to more accurately meet future congressional reporting requirements for the Congressional Budget Justification will be promulgated.

Security Assistance Organization (SAO) EUM Workload Surveys: EUM activity was added to the annual SAO tasking as a separate workload measure in 2003. A detailed explanation was developed to clarify which tasks performed by SAOs should be included in the EUM category, thereby capturing the resource expenditures associated with the performance of “Routine” and “Enhanced” EUM by the SAO.

## EUM Workload Survey:

### Actual for FY05

(\$ in thousands)

	<b>EUM WORKLOAD SURVEY</b>	<b>TOTAL SAO FUNDING</b>
CENTCOM	250.2	16,027.3
EUCOM	898.5	23,043.3
NORTHCOM	12.6	741.9
PACOM	430	8,477.3
SOUTHCOM	776.9	9,675.6
AIT	121.5	2,537.0
<b>TOTAL</b>	<b>2489.7</b>	<b>60,502.4</b>

### Estimated for FY06

(\$ in thousands)

	<b>EUM WORKLOAD SURVEY</b>	<b>TOTAL SAO FUNDING</b>
CENTCOM	300.7	15,032.7
EUCOM	921.1	22,479.1
NORTHCOM	12.9	736.9
PACOM	431.7	8,875.7
SOUTHCOM	803.8	9,288.0
AIT	163.6	3,415.0
<b>TOTAL</b>	<b>2633.8</b>	<b>59,827.4</b>

### Projected for FY07

(\$ in thousands)

	<b>PROJECTED EUM WORKLOAD SURVEY</b>	<b>TOTAL SAO FUNDING</b>
CENTCOM	304.4	15,217.5
EUCOM	943.1	23,028
NORTHCOM	14.5	3479.0
PACOM	394.5	9,859
SOUTHCOM	850.6	9,451
AIT	166.6	3,200.0
<b>TOTAL</b>	<b>2673.7</b>	<b>64,234.5</b>

## The Way Ahead

Resources: For FY06, DSCA has budgeted and manages the \$1.4M for Enhanced EUM at its headquarters. In addition to the Program Manager hired in 2002, DSCA added four full-time civilian employees, one each in FY04, FY05 and FY06. Additionally, funding was provided for three additional contractors to expedite full deployment of the Security Cooperation Information Portal (SCIP) EUM Automation Support, e.g. SCIP SAO Toolbox/EUM.

EUM Automation Support: Begun in FY04, in 2005 DSCA increased funding for the completion of the SCIP SAO Toolbox/EUM. SCIP SAO Toolbox/EUM is an automation tool that incorporates end-use monitoring functions for the entire security assistance/cooperation community. The implementing agencies, the combatant commanders, the SAO and host nations are now able to input and read in a real-time secure” compartmentalized” environment their Enhanced EUM programs via the web. The EUM function also notifies users when: items are shipped, items are received, inventories are delinquent, inventories are performed, and provide a variety of other standard reports. The EUM application also allows authorized users to establish, update, dispose, delete and perform transfers of the Enhanced EUM items. DSCA will complete full deployment of the SCIP SAO Toolbox/EUM in 2006.

EUM Tiger Team visits: A cornerstone of the Golden Sentry EUM program is the Tiger Team visits. EUM Tiger Team visits: 1) to assess USG representatives and host nations’ compliance with transfer provisos and other conditions of sales, and/or 2) visits to follow-up potential violations of the AECA, FAA, or other transfer agreements, e.g., compliance visits. The visit objectives are to:

1. Assess a specific country team or regional command’s overall EUM compliance program.
2. Assess a country’s compliance with specific physical security and accountability agreements through facility visits, records review, and review of local security policies and procedures.
3. Conduct routine or special inventories of U.S.-origin defense articles and/or services.
4. Appraise possible violations of the AECA, FAA, and/or other transfer instruments, e.g., Bi/Multi-Lateral Memoranda of Agreement or Understanding and other Implementing Agreements.

Three EUM Tiger Team assessment visits were conducted in FY2005, one each to: CENTCOM, EUCOM and PACOM.

DSCA and the Defense Threat Reduction Agency (DTRA) On-Site Inspection Directorate Partnership: In 2004, DSCA and DTRA established a joint long-term support relationship, which will improve the DoD End-Use Monitoring program. DSCA will maintain overall operational authority and management responsibility for DoD’s EUM program. DTRA will assist DSCA with supplemental manpower support in the conduct of Enhanced EUM missions worldwide to the degree possible with its ongoing missions.

Outreach Programs: Golden Sentry continues its outreach program via attendance at conferences hosted by the Combatant Commands, hosting EUM “worldwide” and Regional AOR meetings, engaging in bi-lateral and other stakeholders’ meetings in various venues worldwide. This outreach has tremendously contributed to a greater understanding of the “Golden Sentry” program, thereby strengthening awareness of U.S. export controls. Additionally, outreach has proven to be a useful instrument in support of broader U.S. policy goals related to being a responsible arms provider.

### Conclusion:

We recognize that more EUM work is yet to be done. However, you can see that there have been many achievements. The momentum is positive and the EUM Golden Sentry program direction is headed in the right direction. We look forward to further accomplishments in FY07.

## **End-Use Monitoring of Defense Articles and Defense Services Commercial Exports FY 2005**

This report describes actions taken by the Department of State during the past fiscal year to implement the “Blue Lantern” end-use monitoring program. The Blue Lantern program is established under Section 40A of the Arms Export Control Act (AECA) to monitor the end-use of commercially exported defense articles, services, and related technical data subject to licensing under Section 38 of the AECA. The Directorate of Defense Trade Controls, in the Bureau of Political-Military Affairs (PM/DDTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement the AECA. DDTC’s functions include registration of manufacturers, brokers, and exporters, licensing of commercial defense trade, overseeing compliance with U.S. export regulations, supporting U.S. law enforcement agencies in criminal investigations and prosecutions of AECA violations, as well as the end-use monitoring of licensed transactions. The Blue Lantern program is managed within PM/DDTC by the Office of Defense Trade Controls Compliance’s (DTCC) Research and Analysis Division (RAD). Blue Lantern end-use monitoring entails pre-license or post-shipment checks undertaken to verify the legitimacy of a transaction and to provide “reasonable assurance that –

- i) the recipient is complying with the requirements imposed by the United States Government with respect to use, transfers, and security of the defense articles and defense services; and
- ii) such articles and services are being used for the purposes for which they are provided.”

DDTC is currently authorized a full-time complement of 76 State Department personnel, which is supplemented by 8 military officers, about 40 contract personnel, and a DHS/Immigration and Customs Enforcement Special Agent working on defense trade licensing and compliance (including end-use monitoring) efforts. DDTC’s operational budget for FY 2005, in addition to American salaries, was approximately \$8.7 million.

### Overseas Monitoring: The Blue Lantern Program

Initiated in September 1990 and written into law under Section 40A of the AECA in 1996 as the USG’s first systematic end-use monitoring program, the Blue Lantern program has strengthened the effectiveness of U.S. export controls and has proven to be a useful instrument in: 1) deterring diversions to unauthorized end-users, 2) aiding the disruption of illicit supply networks used by governments under U.S. or international restrictions and sanctions and international criminal organizations, and 3) helping the Department to make informed licensing decisions and to ensure compliance with the AECA and the ITAR. End-use checks performed under the Blue Lantern program have significantly encouraged compliance with legal and regulatory requirements and have proven particularly effective in combating the global “gray arms” trade. “Gray arms” refers to the use of fraudulent export documentation to acquire defense articles through legitimate channels for re-transfer to unauthorized end-users. U.S. embassy personnel, or, in some instances, DDTC personnel, conduct Blue Lantern end-use checks overseas to verify the *bona fides* of unfamiliar foreign companies, to ensure delivery of licensed United States Munitions List (USML)

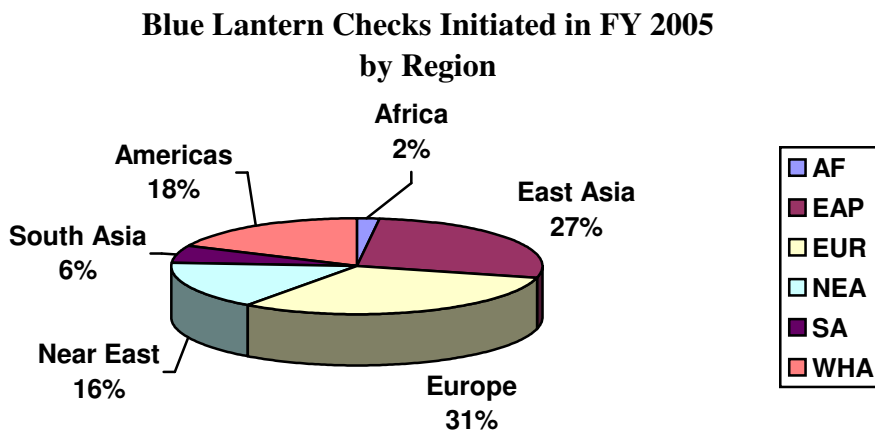
commodities to proper end-users, and to determine compliance with DDTC licensed agreements such as Technical Assistance Agreements and Distribution Agreements.

Each year, DDTC receives and reviews over 60,000 license applications and other export requests, most of them routine and legitimate. A small percentage of cases, however, may be subject to unauthorized or illicit activity. Blue Lantern checks are not conducted randomly, but are rather the result of a careful selection process to identify transactions that appear most at risk for diversion or misuse. License applications and other requests undergo review by licensing and compliance officers, who check case details against established criteria for determining potential risks: unfamiliar foreign parties, unusual routing, overseas destinations with a history of illicit activity or weak export/customs controls, commodities not known to be in the inventory of the host country's armed forces and other indicators of concern. The information derived from Blue Lantern checks help DDTC licensing officers and compliance specialists to assess risks associated with the export of certain defense articles to various countries and regions, and provides significant insight into the reliability of companies and individuals involved in defense procurement overseas.<sup>1</sup>

### Blue Lantern End-Use Checks in FY 2005

In FY 2005, DDTC initiated 562 end-use checks, a record number in the history of the program. Five hundred and five Blue Lantern cases were closed in FY 2005, with 80 designated as “unfavorable.” A regional breakdown of the 562 checks initiated in 2005 follows in Figure 1. Compared to FY 2004, numbers of checks in Europe, the Near East and East Asia increased slightly, and Africa, the Americas, and South Asia declined. The Americas declined most significantly, from 23% in FY 2004 to 18% in FY 2005.

Figure 1:



<sup>1</sup> Because Blue Lantern checks are selected based on potential risk and not a random sampling across all DDTC licenses, data on unfavorable checks should not be regarded as basis for statistically rigorous quantitative analysis.

### Analysis of Unfavorable Checks by Region

Several significant changes were observed in the global distribution of unfavorable checks closed in FY 2005. Europe, which had declined as a locale of unfavorable checks in FY 2004, shot up from 9% to 34% in FY 2005. East Asia again led all regions for the highest percentage of unfavorable checks at 36%, but actually declined (from 45% in FY 2004). A major drop in unfavorable cases was registered in the Americas (from 34% in FY 2004 to 12.5% in FY 2005).

Figure 2:

**Unfavorable Blue Lanterns by Region (Total numbers 2004-2005)**

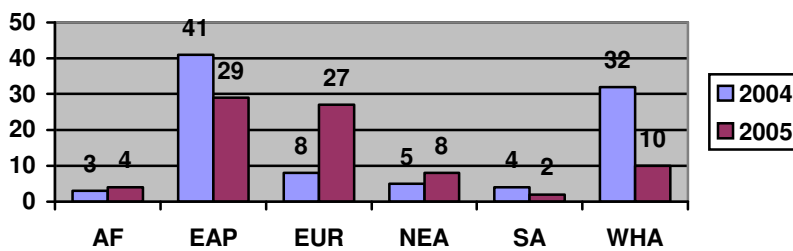
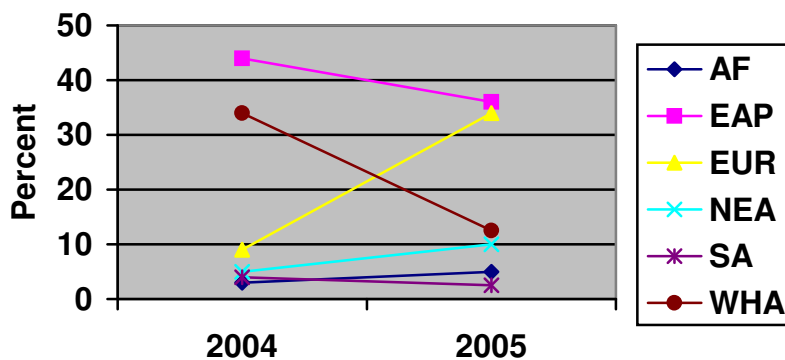


Figure 3:

**Unfavorable Blue Lanterns By Region (Percentage of Total 2004-2005)**



### Analysis of Unfavorable Checks by Commodity

The top six commodity groups for Blue Lantern checks were: Aircraft spare parts; helicopters/spare parts; electronics and communications; firearms/ammunition; night vision devices; and missile spare parts. Overall, unfavorable cases were more evenly distributed across different commodities than last year, and numbers of unfavorable cases for aviation spares, electronics/communications and firearms/ammunition all dropped significantly compared to FY 2004. Other commodities that were the subject of unfavorable Blue Lantern checks included satellite spare parts, inertial navigations systems, oscillators, military computer

components, tank components/spares, riot control chemicals, and parachutes.

- The commodity group with the highest number of unfavorable checks was electronics and communications (12 unfavorables out of 72 total checks).
- The commodity group with the highest percentage of unfavorable checks was missile spare parts (4 out of 14; see Figure 5).
- By comparison, 100 firearms and ammunition cases were closed in FY05 but only 8 were found unfavorable.

A chart comparing Blue Lantern cases closed favorably versus unfavorably by commodity group can be found in Figure 4.

Figure 4:

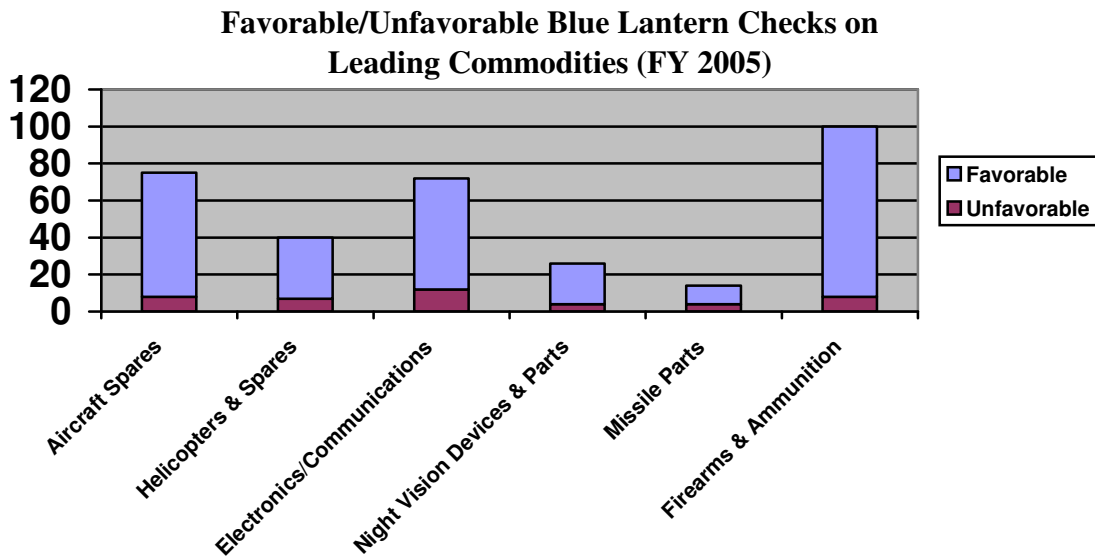
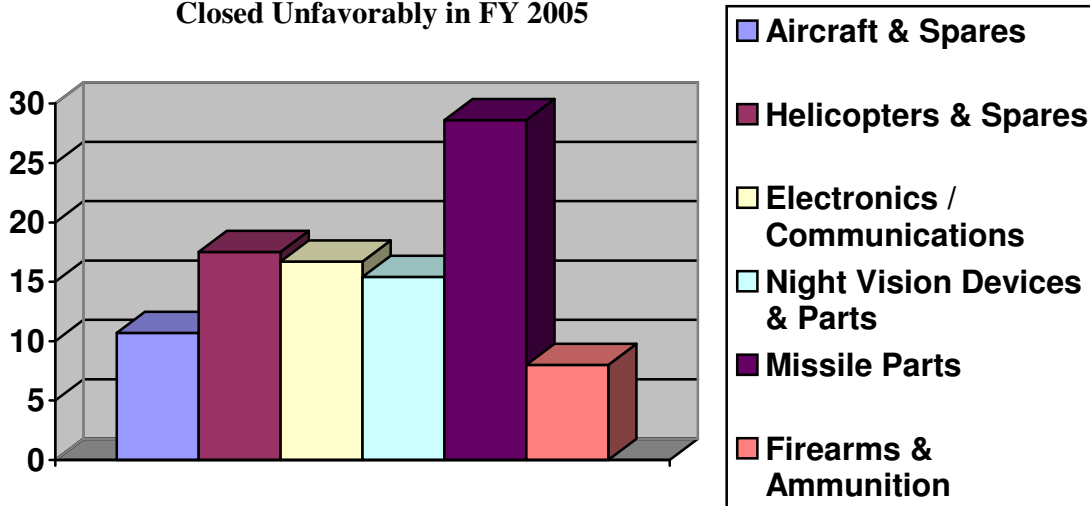


Figure 5:

**Percentage of Checks Within Leading Commodities  
Closed Unfavorably in FY 2005**



Reasons for Unfavorable Checks in FY 2005

- In 45% of the unfavorable cases closed in 2005, the end-use or end-user could not be confirmed or justified during the Blue Lantern check.
- In 10% of cases, a foreign end-user reported that they had not ordered the items on the license – indicating possible intent on the part of the exporter or other parties to violate the ITAR and AECA.
- In an additional 10%, there was clear-cut evidence of illicit diversion or unauthorized re-export of the items.
- In 9% of cases, parties to the license could not be contacted or located.
- In 6%, the check revealed derogatory information about one or more parties; also in 6% of cases, the foreign end-user was judged by the Blue Lantern case officer to be an unreliable recipient of USML.
- 6% of cases were closed unfavorably because one or more parties refused to cooperate with the Blue Lantern inquiry.

Blue Lantern Case Studies FY2005

The following examples illustrate the effectiveness of the Blue Lantern Program in FY 2005. In cases where derogatory information was sufficient, investigative leads were passed on to law enforcement or intelligence authorities:



- A post-shipment check of Global Positioning Systems/Inertial Navigation Systems (GPS/INS) to a company in the Persian Gulf region revealed that some of the items had been illegally re-exported to a third country. In cooperation with the host government, the company's owner was detained, remaining GPS/INS units were seized, and the Department of Homeland Security's Bureau of Immigration and Customs Enforcement (ICE) obtained a warrant for the arrest of the company's owner for AECA violations.
- A pre-license check on satellite components sought to determine the *bona fides* of an end-user identified as a university professor in an East Asian country. The Blue Lantern check found no record of the individual on the rolls of the university's faculty, or any evidence of any other association with the university. It also determined that the university specialized in medical education and had no satellite-related programs of any kind. The license application was denied.
- A pre-license check on helicopter spare parts to the armed forces of a country in Southeast Asia revealed that the officer who signed the end-use certificate was no longer in the military and instead was working for a private foreign company. The foreign company employing the former officer was believed to be operating on behalf of another foreign company with a long record of illicit gray arms activities. The license application was denied, and all parties were placed on the DDTC watchlist.
- Another pre-license check in a Persian Gulf country revealed an end-user that had no record of ordering the commodity (oscillators) on the license application. A subsequent check by the U.S. embassy on the foreign intermediate consignee in the transaction revealed that the company had no known address and no working contact number. The license application was denied and the foreign intermediate consignee was placed on the DDTC watchlist.
- A pre-license check on an application for 300 handguns to a private company in Latin America confirmed the legitimacy of the private company. Upon review of the proposed transaction, however, the host government determined that the number of guns was excessive given the high incidence of lost and stolen firearms involved in a recent surge in violent crime. The quantity of guns on the license was subsequently reduced.
- A pre-license check on ITAR-controlled military computer components destined for a former Soviet republic determined that the components would be used in a nuclear power plant rather than for meteorological measurement – as stated on the license application. The foreign end-user was placed on the watchlist and the license was denied.
- A Blue Lantern check on a temporary export of coastal defense equipment to an East Asian country confirmed that the foreign consignee was continuing to hold the equipment (in violation of the terms of the original license) and refusing to return it to the United States.
- A post-shipment check on 305 smoke pistols (for riot control) ordered by a police department in a West African nation could not confirm delivery of the pistols to the end-user. As a result of the Blue Lantern, the foreign intermediate consignee was suspected of diversion and placed on the watchlist. Future license requests for the foreign government in question will be subjected to extra scrutiny and any approval will require post-shipment verification to the USG.

#### Targeting: Efforts to Continue Improvements in Blue Lantern Selection Process

Due to reports of illicit diversion of night vision devices (NVDs), DDTC has initiated an increasing number of Blue Lantern checks for NVDs and related equipment. During FY 2005, DDTC closed 26 cases

involving NVDs and related components; 4 of these cases were designated unfavorable. Significantly higher numbers of checks on NVDs are anticipated in 2006. DTCC/RAD compliance specialists continue to refine and improve a knowledge base derived from licensing data, past Blue Lantern checks, and external (both classified and unclassified) sources to better guide Blue Lantern targeting by commodity and region.

#### Greater Coordination with Intelligence Community

The U.S. intelligence community (IC) is a critical resource in support of an effective and secure U.S. defense trade licensing regime. DDTC requires IC support to help understand international “gray arms” trends, information about foreign corrupt practices, individuals and companies believed to be involved in illicit arms trafficking, and information about ITAR-controlled commodities sought by embargoed states, terrorist organizations and criminals. DTCC/RAD has sought to deepen contacts and increase information exchanges with the IC during the past year. DTCC/RAD will continue the effort to establish collection and analysis requirements for defense trade intelligence during 2006.

## **Commercial Exports Licensed or Approved Under the Arms Export Control Act**

The data in the following chart on commercial arms sales are compiled on the basis of information available to the Department as of January 2006. The first column, entitled “Actual Deliveries (preliminary)” shows the preliminary dollar value totals by destination of exports during fiscal year 2005. These export totals, which in some cases do not reflect defense training and technical assistance, are compiled from data found in the Automated Export System (AES). Not all this data has yet been validated by the Department of State. In the future, reporting of technical data exports directly to the State Department will allow a more accurate portrayal of “up-to-date” export transactions.

The second and third columns in the chart show the estimated dollar value totals by destination of possible deliveries in fiscal years 2006 and 2007. These estimates are based primarily on the dollar values of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown here but captured in reports to the Congress made pursuant to section 655 of the Foreign Assistance Act of 1961, as amended. The value of defense export authorizations in FY 2005 amounted to \$24.3 billion in defense articles and \$27.7 billion in defense services). Not all export approvals result in signed contracts and actual exports. Key factors that affect the final export value include the availability of the licensed item for shipping, and how quickly the license is returned to the Department. (See also the classified annex.) Other factors that cannot be quantified are economic and security considerations at the final destinations, as well as changing U.S. foreign policy and national security considerations. In exercising defense trade controls, the Department administers embargoes on commercial arms transfers to several countries in any given year as a result of U.S. law and foreign policy/national security considerations and UN Security Council decisions. A number of other countries are subject to special scrutiny due to non-proliferation, regional security (e.g., disputed territories or borders), or human rights concerns. Countries for whom there were no actual deliveries in fiscal year 2005 and which had no authorized licenses for fiscal years 2004 and 2005 do not appear in this report.

The procedures for estimating defense commercial sales for out-years (fiscal years 2006 and 2007) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first year at forty percent of the actual dollar value of licenses approved in the previous two fiscal years. The second out year’s exports would have been estimated at sixty percent of that two-year total.

However, based on historical data, the Department now estimates exports for the first out year (fiscal year 2006) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 2004 and 2005). The exports for the second out year (fiscal year 2007) are estimated to be fifty percent of those for fiscal year 2005.

**Commercial Exports Licensed or Approved Under the AECA**  
(Dollars in Thousands)

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries*</i>	<i>Estimated Deliveries</i>	
		<i>FY 2005</i> <i>(Preliminary)</i>	<i>FY 2006</i>	<i>FY 2007</i>
<b>AFRICA</b>				
	ANGOLA	6,933	2,114	10,564
	BENIN	35	4	0
	BOTSWANA	7,976	3,625	5,787
	BURKINA FASO	49	0	0
	CAMEROON	90	75	376
	CAPE VERDE	19	0	0
	CENTRAL AFRICA REPUBLIC	29	0	0
	CHAD	0	63	0
	COMOROS	0	500	2,500
	CONGO	98	0	1
	COTE D'IVOIRE	8	0	0
	DJIBOUTI	4,661	225	1,108
	ETHIOPIA	68	572	2,810
	GABON	53	8	14
	GAMBIA	2	200	50
	GHANA	1,722	288	883
	GUINEA	160	362	1,789
	KENYA	3,933	407	1,226
	LESOTHO	6	0	0
	LIBERIA	225	19	97
	MADAGASCAR	13	0	0
	MALAWI	2,210	750	3,092
	MALI	0	800	4,000
	MAURITANIA	2	0	0
	MAURITIUS	29	43	12
	MOZAMBIQUE	1	0	0
	NAMIBIA	13	62	103
	NIGER	650	3	0
	NIGERIA	2,509	223	1,041
	RWANDA	563	619	2,997

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries*    Estimated Deliveries</i>		
		<i>FY 2005 (Preliminary)</i>	<i>FY 2006</i>	<i>FY 2007</i>
<b><i>AFRICA</i></b>				
	SAO TOME & PRINCIPE	64	0	0
	SENEGAL	38	2	1
	SEYCHELLES	0	24	0
	SIERRA LEONE	8	0	0
	SOUTH AFRICA	5,909	8,536	21,938
	TANZANIA	2	1	0
	TOGO	1	0	0
	UGANDA	5,706	1,763	1,296
	ZAMBIA	21	1,002	5,004
	<b><i>AFRICA Totals :</i></b>	<b><i>43,806</i></b>	<b><i>22,290</i></b>	<b><i>66,689</i></b>
<b><i>EAST ASIA &amp; PACIFIC</i></b>				
	AUSTRALIA	709,468	283,208	874,190
	BRUNEI	2,041	816	2,858
	BURMA	66	0	0
	CAMBODIA	195	0	92
	CHINA	0	37	0
	EAST TIMOR	525	0	0
	FIJI	0	8	41
	FRENCH POLYNESIA	2,011	22	105
	HONG KONG	2,377	728	2,677
	INDONESIA	8,522	7,099	26,560
	JAPAN	5,229,172	1,123,367	2,955,421
	KIRIBATI	0	34,148	169,955
	MACAU	10	3	16
	MALAYSIA	24,738	37,064	92,551
	MARSHALL ISLAND	0	154	0
	MONGOLIA	147	14	21
	NAURU	5	0	0
	NEW CALEDONIA	397	163	596
	NEW ZEALAND	38,031	21,325	46,412
	PALAU	64	0	0

<i>Deliveries</i>	<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries*</i>	<i>Estimated</i>	
			<i>FY 2005</i> <i>(Preliminary)</i>	<i>FY 2006</i>	<i>FY 2007</i>
<b><i>EAST ASIA &amp; PACIFIC</i></b>					
		PAPUA NEW GUINEA	1	805	25
		PHILIPPINES	24,522	9,257	22,998
		SINGAPORE	482,311	159,433	297,884
		SOLOMON ISLANDS	0	0	1
		SOUTH KOREA	1,474,645	657,772	2,535,036
		TAIWAN	19,699	200,000	200,000
		THAILAND	39,321	24,852	66,546
		TOKELAU	8,097	0	0
		TONGA	0	5	25
		VANUATU	0	1	0
		VIETNAM	10	0	0
	<b><i>EAST ASIA &amp; PACIFIC Totals :</i></b>		<b>8,066,375</b>	<b>2,560,281</b>	<b>7,294,010</b>
<b><i>EUROPE &amp; EURASIA</i></b>					
		ALBANIA	486	118	66
		ANDORRA	242	19	80
		ARMENIA	28	32	3
		AUSTRIA	5,129	4,795	12,665
		AZERBAIJAN	72	449	1,718
		BELGIUM	313,022	57,321	220,532
		BOSNIA HERZEGOVINA	873	42	122
		BRITISH INDIAN OCEAN	28,633	0	0
		BULGARIA	3,556	1,281	3,224
		CROATIA	6,875	488	816
		CYPRUS	4,237	22,273	109,878
		CZECH REPUBLIC	5,769	2,989	5,983
		DENMARK	75,887	31,437	73,021
		ESTONIA	421	452	734
		FINLAND	28,320	12,419	38,580
		FRANCE	393,542	417,897	1,907,712
		GEORGIA	20,462	304	1,518
		GERMANY	7,313,971	416,952	943,671

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries* Estimated Deliveries</i>		
		<i>FY 2005 (Preliminary)</i>	<i>FY 2006</i>	<i>FY 2007</i>
<b><i>EUROPE &amp; EURASIA</i></b>				
	GIBRALTAR	20	0	0
	GREECE	153,424	68,658	134,786
	GREENLAND	168	183	65
	HUNGARY	2,401	1,145	2,690
	ICELAND	48,565	1,837	1,987
	IRELAND	4,406	2,931	10,044
	ITALY	810,871	234,725	334,894
	KAZAKHSTAN	600	13,480	62,358
	KYRGYZSTAN	6,636	291	1,109
	LATVIA	93	289	630
	LITHUANIA	1,528	98	313
	LUXEMBOURG	42,551	52,798	173,567
	MACEDONIA	4,960	422	2,109
	MALTA	30	8	9
	MOLDOVA	235	80	344
	MONACO	260	260	1,300
	NETHERLANDS	229,711	336,257	194,835
	NORWAY	160,136	118,750	166,699
	POLAND	14,231	41,536	170,172
	PORTUGAL	12,734	9,336	26,782
	ROMANIA	12,430	4,912	11,261
	RUSSIA	68,954	4,349	4,640
	SAN MARINO	67	1,611	8,036
	SERBIA & MONTENEGRO	1,130	6,360	31,782
	SLOVAKIA	5,166	1,877	2,411
	SLOVENIA	1,776	1,604	2,222
	SPAIN	163,450	41,776	105,066
	SWEDEN	137,419	56,202	185,146
	SWITZERLAND	34,892	25,335	61,596
	TAJKISTAN	221	828	4,050
	TURKEY	219,875	239,511	714,444
	TURKMENISTAN	9	26	0
	UKRAINE	1,873	905	1,921

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries*</i> <i>FY 2005</i> <i>(Preliminary)</i>	<i>Estimated Deliveries</i> <i>FY 2006</i>	<i>FY 2007</i>
<b><i>EUROPE &amp; EURASIA</i></b>				
	UNITED KINGDOM	1,840,000	1,433,747	4,261,534
	UZBEKISTAN	51,439	325	1,328
	<b><i>EUROPE &amp; EURASIA Totals :</i></b>	<b><i>12,233,786</i></b>	<b><i>3,671,720</i></b>	<b><i>10,000,453</i></b>
<b><i>NEAR EAST</i></b>				
	ALGERIA	276,063	6,191	11,056
	BAHRAIN	921,775	4,540	10,735
	EGYPT	340,532	52,746	90,544
	IRAQ	1,682,926	116,368	370,596
	ISRAEL	1,110,223	291,009	634,355
	JORDAN	88,369	14,938	50,675
	KUWAIT	586,570	132,929	83,765
	LEBANON	142	59	283
	MOROCCO	18,613	3,909	10,843
	OMAN	7,498	5,412	14,080
	QATAR	262,079	5,807	26,827
	SAUDI ARABIA	85,352	81,812	81,391
	TUNISIA	3,290	3,330	12,476
	UNITED ARAB EMIRATES	1,041,638	798,531	2,073,251
	YEMEN	2,311	1,620	3,876
	<b><i>NEAR EAST Totals :</i></b>	<b><i>6,427,381</i></b>	<b><i>1,519,201</i></b>	<b><i>3,474,753</i></b>
<b><i>NON-REGIONAL</i></b>				
	CLASSIFIED TOTALS	69,537	1,000,000	1,000,000
	<b><i>NON-REGIONAL Totals :</i></b>	<b><i>69,537</i></b>	<b><i>1,000,000</i></b>	<b><i>1,000,000</i></b>
<b><i>SOUTH ASIA</i></b>				
	AFGHANISTAN	708,793	62,461	233,461
	BANGLADESH	1,095	531	1,038
	BHUTAN	0	6	0
	INDIA	31,891	14,126	45,975
	NEPAL	188	81	10



<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries*</i>		<i>Estimated Deliveries</i>	
		<i>FY 2005</i> <i>(Preliminary)</i>	<i>FY 2006</i>	<i>FY 2007</i>	
<b><i>SOUTH ASIA</i></b>					
	PAKISTAN	85,341	29,430	64,999	
	SRI LANKA	466	1,743	2,904	
	<b><i>SOUTH ASIA Totals :</i></b>	<b>827,774</b>	<b>108,378</b>	<b>348,387</b>	
<b><i>WESTERN HEMISPHERE</i></b>					
	ANTIGUA-BARBUDA	133	7	24	
	ARGENTINA	8,163	9,719	30,534	
	ARUBA	51	13	41	
	BAHAMAS	5,996	742	15	
	BARBADOS	553	104	383	
	BELIZE	2,671	4,260	21,211	
	BERMUDA	19	13	21	
	BOLIVIA	6,119	452	616	
	BRAZIL	55,097	25,331	75,088	
	BRITISH VIRGIN ISLANDS	8	0	2	
	CANADA	1,244,822	197,393	563,670	
	CAYMAN ISLANDS	23	54,556	13	
	CHILE	22,149	12,065	30,943	
	COLOMBIA	147,995	19,410	61,652	
	COSTA RICA	1,430	1,412	5,362	
	DOMINICA	41	6	23	
	DOMINICAN REPUBLIC	2,514	1,350	4,760	
	ECUADOR	4,594	62,786	12,943	
	EL SALVADOR	209,825	598	1,318	
	FALKLAND ISLANDS	2	0	0	
	FRENCH GUIANA	544,327	34,628	125,029	
	GRENADA	26	14	1	
	GUATEMALA	1,504	323	658	
	GUYANA	78	16	19	
	HAITI	622	226	1,074	
	HONDURAS	2,309	280	1,065	
	JAMAICA	673	310	598	

<i>Region Name</i>	<i>Country / Destination</i>	<i>Actual Deliveries*    Estimated Deliveries</i>		
		<i>FY 2005 (Preliminary)</i>	<i>FY 2006</i>	<i>FY 2007</i>
<b>WESTERN HEMISPHERE</b>				
	MEXICO	106,761	68,441	206,902
	MONTSERRAT	5	0	2
	NETHERLANDS ANTILLES	12,329	209	967
	NICARAGUA	527	149	357
	PANAMA	5,121	674	318
	PARAGUAY	156	23	113
	PERU	7,877	1,140	4,032
	ST KITTS AND NEVIS	802	1	1
	ST LUCIA	47	13	24
	ST VINCENT & GRENADINES	15	3	8
	SURINAME	44	18	38
	TRINIDAD & TOBAGO	2,614	432	1,602
	TURKS & CAICOS ISLANDS	5	53	3
	URUGUAY	3,777	370	199
	VENEZUELA	18,038	14,613	23,781
	<b>WESTERN HEMISPHERE Totals :</b>	<b>2,419,862</b>	<b>512,153</b>	<b>1,175,410</b>
	<b>Grand Totals :</b>	<b>30,088,521</b>	<b>9,394,023</b>	<b>23,359,702</b>

**Foreign Military Financing Grants (11-1082)**  
(\$ in millions)

	<b>Actual FY 2005</b>	<b>Estimated FY 2006</b>	<b>Proposed FY 2007</b>
Appropriated Funds			
Egypt Grant	1,289.600	1,287.000	1,300.000
Israel Grant	2,202.240	2,257.200	2,340.000
Jordan Grant	204.352	207.900	206.000
Other Countries Grants	1,009.360	671.675	661.400
Administrative Costs	39.680	41.085	43.500
Rescission	38.268	45.100	
Total FMF Appropriation	<u>4,783.500</u>	<u>4,510.000</u>	<u>4,550.900</u>
Less: Appropriation Rescinded	-38.268	-45.100	
Plus: Supplemental Appropriation	250.000		
Plus: Resources available from recoveries prior year deobligations	1.500		
Plus: Resources available from MAP sales	0.010		
Less: Unobligated balances for administrative costs	-0.026		
Total Budgetary Resources Obligated	<u>4,996.716</u>	<u>4,464.900</u>	<u>4,550.900</u>
Total FMF Outlays (Net)	<u>4,882.781</u>	<u>4,831.000</u>	<u>4,677.000</u>

**Foreign Military Financing Program Account (11-1085)**  
(\$ in millions)

	<b>Actual FY 2005</b>	<b>Estimated FY 2006</b>	<b>Proposed FY 2007</b>
Budget Authority			
Direct Loan Subsidy Appropriation	0.000	0.000	0.000
Subsidy Re-estimates	<u>2.552</u>	<u>16.037</u>	<u>0.000</u>
Total Budget Authority	2.552	16.037	0.000
 Total Obligations	 2.552	 16.037	 0.000
 Outlays (Net)	 2.552	 16.037	 0.000

**Foreign Military Loan Liquidating Account (11X4121)**  
(\$ in millions)

	<b>Actual FY 2005</b>	<b>Estimated FY 2006</b>	<b>Proposed FY 2007</b>
Budget Authority for Guarantee Claims:			
Permanent Indefinite Authority	7.500	5.000	8.400
Collections of Guarantee Claims	<u>5.758</u>	<u>7.358</u>	<u>3.040</u>
Total Budget Authority	13.258	12.358	11.440
 Total Obligations and Disbursements for Guaranteed Claims	 13.258	 12.358	 11.440
 Offsetting Collections			
Repayment of Direct Loans	-103.059	-99.616	-92.183
Repayment of FFB Loans	<u>-220.486</u>	<u>-220.514</u>	<u>-187.479</u>
Total Offsetting Collections	-323.545	-320.130	-279.662
 Outlays (Net)	 -310.287	 -307.772	 -268.222

**Direct Loan Financing Account (11X4122)**

(\$ in millions)

	<b>Actual FY 2005</b>	<b>Estimated FY 2006</b>	<b>Proposed FY 2007</b>
Budget Authority and Obligations			
Direct Loans	0.000	0.000	0.000
Interest on Treasury Borrowing	41.547	67.056	89.103
Downward Subsidy Re-estimate	44.389	21.746	0.000
Interest on Downward Re-estimate	13.711	11.949	0.000
Total Budget Authority and Obligations	99.647	100.751	89.103
Disbursements	310.977	572.851	556.527
Offsetting Collections:			
Collections on Upward Subsidy Re-estimate	-2.552	-16.037	0.000
Interest on Uninvested Funds - Treasury	-11.947	0.000	0.000
Loan Repayments from Country	-542.300	-198.206	-182.738
Total Offsetting Collections	-556.799	-214.243	-182.738
Outlays (Net)	-245.822	358.608	373.789

**Military Debt Reduction Financing Account (11X4174)**

(\$ in millions)

	<b>Actual FY 2005</b>	<b>Estimated FY 2006</b>	<b>Proposed FY 2007</b>
Budget Authority and Obligations			
Interest on Debt to Treasury	11.486	12.192	11.411
Downward Subsidy Re-estimate	0.021	0.090	0.000
Total Budget Authority and Obligations	11.507	12.282	11.411
Disbursements	11.507	12.282	11.411
Offsetting Collections:			
Collections from Loan Subsidy Account	-7.488	0.000	0.000
Collection on Upward Subsidy Re-estimate	-0.000	0.000	0.000
Interest on Uninvested Funds	-0.206	0.000	0.000
Loan Repayments from Country	-5.866	-25.333	-27.301
Total Offsetting Collections	-13.560	-25.333	-27.301
Outlays (Net)	-2.053	-13.051	-15.890

**International Military Education & Training Program (11-1081)**  
(\$ in millions)

	<b>Actual</b>	<b>Estimated</b>	<b>Proposed</b>
	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Appropriation	89.730	86.744	88.900
Rescission	-0.718	-0.867	0.000
Total budgetary resources available for obligation	<u>89.012</u>	<u>85.877</u>	<u>88.900</u>
Obligations from Current Year Appropriation	88.533	85.877	88.900
New Obligations in "X" Year IMET	0.491	2.000	1.000
Net Outlays	81.802	92.000	90.000

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**Special Defense Acquisition Fund (11X4116)**  
(\$ in millions)

	<b>Actual</b>	<b>Estimated</b>	<b>Proposed</b>
	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Purchases of Equipment (Obligations)	0.000	0.000	0.000
Gross Budget Authority (a)	0.000	0.000	0.000
Offsetting Collections	0.000	0.000	0.000
Net Budget Authority	0.000	0.000	0.000
Financing Disbursements	0.000	0.000	0.000
Offsetting Collections	0.000	0.000	0.000
Net Outlays	0.000	0.000	0.000
Return of Unobligated Balances to the Treasury due to Program Cancellation (Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations and Revolving Funds"	10.000	6.684	0.000

(a) This represents the planned transfer of all collections "in excess of obligation authority provided in prior appropriations Acts" pursuant to P.L. 103-87, September 30, 1993, which means that all FY 1994 and later collections are first deposited into the SDAF appropriation, and later transferred to the Treasury Account, "Other Repayments of Investments and Recoveries," 2814. The return of capitalization does not affect the calculation of net outlay.

### Foreign Military Financing Program/Grants

(\$ in millions)

Fiscal Year	Request		Authorized		Appropriated	
	Budget Authority	Program	Budget Authority	Program	Budget Authority	Program
1970	275.000	350.000	250.000	340.000	70.000	0.000
1971	772.500	885.000	750.000 (a)	840.000 (a)	700.000 (a)	0.000
1972	510.000	582.000	400.000	550.000	400.000	0.000
1973	527.000	629.000	400.000 (b)	550.000	400.000 (b)	0.000
1974	2,725.000	2,960.000	2,525.000 (c)	2,930.000 (c)	2,525.000 (c)	0.000
1975	555.000	872.000	405.000	872.500	300.000	0.000
1976 (d)	2,430.200	2,430.200	1,298.750	2,968.375	1,205.000	0.000
1977	2,179.600	2,179.600	740.000	2,022.100	740.000	0.000
1978	707.750	2,217.500	682.000	2,152.350	675.850	0.000
1979 (e)	1,042.500	5,767.500	1,044.300	6,155.500	1,024.500	0.000
1980	658.880 (f)	2,188.000 (f)	673.500	2,235.000	645.000 (b)	0.000
1981	734.000	2,840.000 (g)	500.000	3,116.000	500.000 (b)	3,046.187 (b)
1982	1,481.800	4,054.400	800.000	4,069.525	800.000	3,883.500
1983	950.000 (h)	5,273.300 (h)	800.000	4,169.525	1,175.000 (b)	5,106.500 (b)
1984	1,000.000	5,656.000	1,315.000	5,761.500	1,315.000 (b)	5,716.250 (b)
1985	5,100.000	5,100.000	(i)	(i)	4,939.500 (b)	4,939.500 (b)
1986	5,655.000	5,655.000	5,371.000	5,371.000	5,190.000	5,190.000 (j)
1987	5,861.000 (k)	5,661.000	(i)	(i)	4,053.441 (l)	4,053.441 (l)
1988	4,421.150	4,421.150	(m)	(m)	4,017.000 (n)	4,049.000
1989	4,460.000	4,460.000	(o)	(o)	4,272.750	4,272.750
1990	5,027.000	5,027.000	(p)	(p)	4,827.642	4,827.642 (q)
1991	5,016.900	5,016.900	(r)	(r)	4,663.421 (s)	4,663.421 (s)
1992	4,610.000	4,610.000	(t)	(t)	3,928.548 (u)	3,928.548 (u)
1993	4,099.225	4,099.225	(v)	(v)	3,245.414 (w)	3,245.414 (w)
1994	3,231.657	3,232.157	(x)	(x)	3,052.397 (x)	3,052.397 (x)
1995	3,130.858	3,130.858	(y)	(y)	3,151.279 (y)	3,151.279 (y)
1996	3,262.020	3,262.020	(z)	(z)	3,208.390 (z)	3,208.390 (z)
1996 Sup	70.000 (A)	70.000 (A)	(A)	(A)	70.000 (A)	70.000 (A)
1997	3,228.250	3,228.250	(B)	(B)	3,224.000 (B)	3,224.000 (B)
1998	3,274.250	3,274.250	(C)	(C)	3,296.550 (C)	3,296.550 (C)
1999	3,275.910	3,275.910	(D)	(D)	3,380.000 (D)	3,380.000 (D)
2000	3,430.000	3,430.000	(E)	(E)	4,819.994 (E)	4,819.994 (E)
2001	3,538.200	3,538.200	3,550.000	3,550.000	3,576.000 (F)	3,576.000 (F)
2002	3,674.000	3,674.000	3,627.000	3,627.000	3,650.000 (G)	3,695.000 (H)
2002 Sup	387.000	387.000	(I)	(I)	357.000 (I)	357.000 (I)
2003	4,107.200	4,107.200	4,107.200	4,107.200	4,072.000 (J)	4,072.000 (J)
2003 Sup	2,059.100	2,059.100	(K)	(K)	2,059.100 (K)	2,059.100 (K)
2004	4,414.000	4,414.000	(L)	(L)	4,337.182 (L)	4,337.182 (L)
2004 Sup	287.000	287.000	(M)	(M)	287.000 (M)	287.000 (M)
2005	4,957.500	4,957.500	(N)	(N)	4,783.500 (N)	4,783.500 (N)
2005 Sup	250.000	250.000	(O)	(O)	250.000 (O)	250.000 (O)
2006	4,538.600	4,538.600	(P)	(P)	4,464.900 (P)	4,464.900 (P)
2007	4,550.900	4,550.900				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

(a) Includes \$500M for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.

(b) CRA limitation.

(c) Includes \$2,200M for Emergency Security Assistance requested, authorized and appropriated for Israel.

(d) Includes transitional quarter (FY 197T).



- (e) Includes \$2,200M supplemental program for Israel and a \$1,500M supplemental program for Egypt.
- (f) Includes a \$10M amendment for Sudan and \$15M for Oman.
- (g) Includes \$200M proposed budget amendment for Egypt.
- (h) Reflects the amended budget request but not the supplemental budget request for program increase of \$525M for guarantee loans.
  - (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
  - (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.17M not available for obligation.
  - (k) Includes a supplemental request of \$200M.
  - (l) Includes \$4,040.441 authorized by P.L. 99-500 CRA limitation and \$13.000 authorized by P.L. 100-71.
  - (m) Authorization waived in Continuing Resolution (P.L. 100-202).
  - (n) P.L. 100-202 appropriated \$4,049M for FY 1988. Also included in the law was a \$32M rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017M, as shown in the FY 1989 President's Budget.
  - (o) Authorization waived in P.L. 100-461.
  - (p) Authorization waived in P.L. 101-167.
  - (q) Congress appropriated \$4,828.403M which was reduced by .43% for use in the control of illicit drugs. In addition, \$20M was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641M available to the FMF program.
  - (r) Authorization waived in P.L. 101-513.
  - (s) P.L. 101-513 appropriated \$5,066.921M for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421M.
  - (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
  - (u) P.L. 102-266 appropriated \$4,100M for FY 1992, reduced the amount appropriated by \$60.602M and provided for the transfer of \$63.75M of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548M.
  - (v) Authorization waived in P.L. 102-391.
  - (w) P.L. 102-391 appropriated \$3,300M for FY 1993, rescinded \$25.586M of prior year balance, and provided for the transfer of \$29M to the Demobilization and Transition Fund for a net budget authority of \$3,245.414M.
  - (x) P.L. 103-87 appropriated \$3,149.279M, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282M of FY 1993 and prior year balances. Subsequently, an additional \$5.6M was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397M.
  - (y) P.L. 103-306 appropriated \$3,151.279M for FY 1995. The Authorization was waived.
  - (z) P.L. 104-107 appropriated \$3,208.390M for FY 1996. The Authorization was waived.
  - (A) Pending FY 1996 FMF supplemental request of \$140M supports Jordan F-16 program; P.L. Appropriated \$70M for FY 1996. The Authorization was waived.
  - (B) P.L. 104-208 appropriated \$3,224M for FY 1997. The Authorization was waived.
  - (C) P.L. 105-118 appropriated \$3,296.55M for FY 1998. The Authorization was waived.
  - (D) P.L. 105-277 appropriated \$3,380M for FY 1999 FMF Grants. The Authorization was waived.
  - (E) P.L. 106-113 appropriated \$4,788.994M for FY 2000 FMF Grants. The Authorization was waived.
  - (F) P.L. 106-429 appropriated \$3,576M for FY 2001 FMF Grants. P.L. 106-554 rescinded \$7.867M of the FMF appropriation.
  - (G) P.L. 107-115 appropriated \$3,650M for FY 2002 FMF Grants.
  - (H) Includes \$45M appropriated under P.L. 107-38, the Emergency Response Fund. The Authorization was waived.
  - (I) P.L. 107-206 appropriated \$357M for FY 2002 Supplemental FMF Grants. The Authorization was waived.
  - (J) P.L. 108-7 appropriated \$4,072M for FY 2003, of which \$26.468M was rescinded and \$93M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI).
  - (K) P.L. 108-11 appropriated \$2,059.1M for FY 2003 Supplemental, of which \$20M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI). The Authorization was waived.
  - (L) P.L. 108-199 appropriated \$4,294M for FY 2004, of which \$25,334M was rescinded and \$10.9M was transferred to State for Economic Support Fund (ESF) needs. Additionally, the account received \$.372M from USAID funds for Afghanistan and \$2.0M in deobligation/reobligation authority for Kenya and \$0.045M of funding from MAP sales. Includes \$77M appropriated under P.L. 107-38, the Emergency Response Fund, transferred to FMF in October 2003 for Afghanistan. The Authorization was waived.
  - (M) P.L. 108-106 appropriated \$287M for FY 2004 Supplemental for Afghanistan. The Authorization was waived.
  - (N) P.L. 108-447 appropriated \$4,783.5M for FY 2005, of which \$38.268M was rescinded. The Authorization was waived.
  - (O) P.L. 109-13 appropriated \$250M for FY 2005 Supplemental for Jordan and Pakistan. The Authorization was waived.
  - (P) P.L. 109-102 appropriated \$4,510M for FY 2006 of which \$45.1M was rescinded. The Authorization was waived.

**Foreign Military Financing**  
**Direct Loan Financing Account – Total Program (11X4122)**  
(\$ in millions)

Fiscal Year	Request	Financing Authority
1992	313.961	345.000 (a)
1993	360.000	855.000 (b)
1994	855.000	769.500 (c)
1995	770.000	619.650 (d)
1996	765.000	544.000 (e)
1997	370.028	540.000 (f)
1998	699.500	200.000 (g)
1999	167.024	117.855 (h)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	3,800.000	3,800.000 (i)
2004	550.000	550.000 (j)
2005	0.000	0.000
2006	0.000	0.000
2007	0.000	0.000

- (a) Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
- (b) P.L. 102-391 provides financing authority for direct loans of \$855M for FY 1993.
- (c) P.L. 103-87 provides financing authority for direct loans of \$769.5M for FY 1994.
- (d) P.L. 103-306 provides financing authority for direct loans of \$619.65M for FY 1995.
- (e) P.L. 104-107 provides financing authority for direct loans of \$544M for FY 1996.
- (f) P.L. 104-208 provides financing authority for direct loans of \$540M for FY 1997.
- (g) P.L. 105-118 provides financing authority for direct loans of \$200M for FY 1998.
- (h) P.L. 105-277 provides financing authority for direct loans of \$167M for FY 1999.
- (i) Continuing Resolution Authority (P.L. 107-229)
- (j) Continuing Resolution Authority (P.L. 108-84)

**Foreign Military Financing  
Direct Loan Subsidy Element**  
(\$ in millions)

Fiscal Year	Request	Appropriated
1992	57.490	50.148 (a)(b)
1993	63.332	149.200 (c)
1994	120.457	46.530 (d)
1995	59.598	47.917 (e)
1996	89.888	64.400 (f)
1997	40.000	60.000 (g)
1998	66.000	60.000 (h)
1999	20.000	20.000 (i)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	0.000	0.000
2004	0.000	0.000
2005	0.000	0.000
2006	0.000	0.000
2007	0.000	0.000

- (a) Authorization waived under P.L. 102-109 and P.L. 102-145.
- (b) P.L. 102-266 appropriated \$50.9M for FY 1992 and reduced the appropriation by \$.752M for a net availability of \$50.148M.
- (c) P.L. 102-391 appropriated \$149.2M for FY 1993. The Authorization was waived.
- (d) P.L. 103-87 appropriated \$46.53M for FY 1994. The Authorization was waived.
- (e) P.L. 103-306 appropriated \$47.917M for FY 1995. The Authorization was waived.
- (f) P.L. 104-107 appropriated \$64.4M for FY 1996. The Authorization was waived.
- (g) P.L. 104-208 appropriated \$60M for FY 1997. The Authorization was waived.
- (h) P.L. 105-118 appropriated \$60M for FY 1998. \$40M will be transferred to the FMF Grant Account. The Authorization was waived.
- (i) P.L. 105-277 appropriated \$20M for FY 1999. The Authorization was waived.

## Military Assistance Program

(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1950	1,400.000	1,314.000	1,314.000
1951	5,222.500	5,222.500	5,222.500
1952	6,303.000	5,997.600	5,744.000
1953	5,425.000	4,598.400	4,219.800
1954	4,274.500	3,681.500	3,230.000
1955	1,778.300	1,591.000	1,192.700
1956	1,959.200	1,450.200	1,022.200
1957	2,925.000	2,225.000	2,017.500
1958	1,900.000	1,600.000	1,340.000
1959	1,800.000	1,605.000	1,515.000
1960	1,600.000	1,400.000	1,300.000
1961	2,000.000	(a)	1,800.000
1962	1,885.000	1,700.000	1,600.000
1963	(b)	1,700.000	1,325.000
1964	1,405.000	1,000.000	1,000.000
1965 (c)	1,055.000	1,055.000	1,055.000
1966 (c)	1,170.000	1,170.000	1,170.000
1967	917.000	875.000	792.000
1968	620.100	510.000	500.000
1969	420.000	375.000	375.000
1970	425.000	350.000	350.000
1971	690.000	690.000	690.000
1972	705.000	500.000	500.000
1973	780.000	553.100 (d)	553.100 (d)
1974 (e)	685.000	512.500	450.000 (f)
1975 (g)	985.000	600.000	475.000
1976 (h)(i)	790.000	245.875	252.200
1977	279.000	235.800	264.550
1978	230.000	228.900	220.000 (j)
1979	133.500	133.500	83.375
1980 (c)	160.200 (k)	111.900 (l)	110.000 (d)
1981 (c)	104.400	106.100	110.200 (d)
1982 (c)(m)	131.400	231.400	171.412
1983 (c)	557.000 (n)	238.500 (o)	383.325 (d)
1984	747.000 (p)	639.700	711.750 (d)(q)
1985	924.500	(r)	805.100 (d)
1986 (c)	949.350	805.100	798.374 (s)(t)
1987 (c)	1,257.450 (u)	805.100	950.000
1988	1,329.800	(v)	700.750
1989	467.000	(w)	467.000 (x)
1990	40.432	(y)	(z)
1991	0.000	0.000	0.000
1992	0.000	0.000	-6.750 (D)
1993	0.000	0.000	-20.164 (E)
1994	-0.439 (F)	0.000	-0.439 (F)
1995	(L)		(L)

## International Military Education & Training Program

(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1976 (a)	37.000	33.750	28.750
1977	32.200	30.200	25.000
1978	35.000	31.000	30.000
1979	32.100	31.800	27.900
1980	32.900	31.800	25.000 (d)
1981	32.500	34.000	28.400 (d)
1982	42.000	42.000	42.000
1983	53.700 (o)	43.000	46.000
1984	56.532	56.452	51.532 (d)
1985	60.910	(r)	56.221 (d)
1986	65.650	56.221	54.490 (s)
1987	68.830	56.000	56.000
1988	56.000	(v)	47.400
1989	52.500	(w)	47.400
1990	54.500	(y)	47.196 (A)
1991	50.500	(B)	47.196
1992	52.500	(C)	47.196 (G)
1993	47.500	(H)	42.500 (I)
1994	42.500	(J)	22.250 (J)
1995	25.500	(K)	25.500 (K)
1996	39.781	(M)	39.000 (M)
1997	45.000	(N)	43.475 (N)
1998	50.000	(O)	50.000 (O)
1999	50.000	(P)	49.951 (P)
2000	50.000	(Q)	49.810 (Q)
2001	57.875	55.000	57.748 (R)
2002	70.000	65.000	70.000 (S)
2003	80.000	85.000	79.480 (T)
2004	91.700	(U)	91.159 (U)
2005	89.730	(V)	89.012 (V)
2006	86.744	(W)	85.877 (W)
2007	88.900		

**NOTE:**

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
- (2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.
- (a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
- (b) Foreign Assistance Act of 1961 authorized \$1,700M; no executive branch request for authorization was required.
- (c) Does not include MAP drawdowns of \$75M in FY 1965 and \$300M in FY 1966, or Section 506(a) drawdowns of \$1M in FY 1980; \$26M in FY 1981; \$55M in FY 1982; \$25M in FY 1983; \$40M in FY 1986; and \$25M in FY 1987.
- (d) CRA limitation.
- (e) Includes funds requested separately for proposed International Military Education and Training

Program finally authorized and appropriated as part of the Military Assistance Program. Does not include \$2,500M for Section 506 drawdown authority.

- (f) Includes \$5M transferred to AID.
- (g) Does not include \$75M for Section 506 drawdown authority.
- (h) Includes transitional quarter FY197T.
- (i) Does not include \$275M for Section 506 drawdown authority.
- (j) Includes \$40.2M subsequently rescinded.
- (k) Includes a \$50M supplemental for Turkey.
- (l) Includes a \$1.7M Senate supplemental for Sudan.
- (m) Does not include \$7.1M reimbursement for Section 506 drawdown authority.
- (n) Reflects the amended budget request but not the \$187M supplemental budget request.
- (o) Reflects initial budget request; excludes \$1M supplemental request.
- (p) Reflects initial budget request; excludes \$259.05M supplemental request for Central America.
- (q) Includes supplemental appropriation of \$201.75M for Central America.
- (r) Authorization waived in Continuing Resolution (P.L. 98-473).
- (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626M of MAP and \$2.343M of IMET are not available for obligation.
- (t) Includes supplemental appropriation of \$50M for the Republic of the Philippines.
- (u) Includes a supplemental request of \$261M.
- (v) Authorization waived in Continuing Resolution (P.L. 100-202).
- (w) Authorization waived in P.L. 100-461.
- (x) P.L. 101-45 transferred \$2M to contributions for international peacekeeping activities (Budget Account 19-9-1124).
- (y) Authorization waived in P.L. 101-167.
- (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
- (A) Congress appropriated \$47.4M which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196M available to the IMET program.
- (B) Authorization waived in P.L. 101-513.
- (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
- (D) P.L. 102-298 rescinded \$6.75M of prior year balances and \$5.76M of previously disbursed amounts.
- (E) P.L. 102-298 rescinded \$20.164M of prior year balances.
- (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439M of prior year appropriations.
- (G) P.L. 102-266 appropriated \$47.196M for FY 1992. P.L. 102-298 rescinded \$1.925M and P.L. 102-381 reduced it an additional \$.698M for a net availability of \$44.573M.
- (H) Authorization waived in P.L. 102-391.
- (I) P.L. 102-391 appropriated \$42.5M for FY 1993.
- (J) P.L. 103-87 appropriated \$21.25M for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.M was transferred into IMET from FMF making a total of \$22.25M of appropriated funds available.
- (K) P.L. 103-306 appropriated \$25.5M for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be enacted for this account.
- (M) P.L. 104-107 appropriated \$39M for FY 1996. The Authorization was waived.
- (N) P.L. 104-208 appropriated \$43.475M for FY 1997. The Authorization was waived.
- (O) P.L. 105-118 appropriated \$50M for FY 1998. The Authorization was waived.
- (P) P.L. 105-277 appropriated \$50M for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041M. The Authorization was waived.
- (Q) P.L. 106-113 appropriated \$49.810M for FY 2000. The Authorization was waived.

- (R) P.L. 106-429 appropriated \$55M for FY 2001 and \$2.875M for an emergency supplemental in support of the Southeast Europe Initiative. P.L. 106-554 rescinded \$.127M.
- (S) P.L. 107-115 appropriated \$70M for FY 2002.
- (T) P.L. 108-7 appropriated \$80M for FY 2003, of which \$.52M was rescinded.
- (U) P.L. 108-199 appropriated \$91.7M of which \$.541 was rescinded. The Authorization was waived.
- (V) P.L. 108-447 appropriated \$89.73 of which \$.718 was rescinded. The Authorization was waived.
- (W) P.L. 109-102 appropriated \$86.744M of which 0.867M was rescinded. The Authorization was waived.

**Peacekeeping Operations**  
*(\$ in millions)*

Fiscal Year	Request	Authorized	Appropriated
1979	(a)	30.900	27.400
1980	(a)	21.100	22.000 (b)
1981	25.000	25.000	25.000 (c)
1982	19.000	19.000	14.000 (d)
1983	43.474	19.000	31.100 (c)
1984	46.200	46.200	46.200 (c)
1985	49.000	(e)	44.000 (c)
1986	37.000	37.000	34.000 (f)
1987	39.000	37.000	31.689
1988	46.311	31.689	31.689
1989	41.689 (g)	41.689	41.689
1990	33.377	32.773	32.773
1991	32.800	32.800	32.800
1992	378.000 (h)	28.000	28.000 (c)
1993	27.166	27.166	27.166
1994	77.166	82.435 (i)	82.435 (i)
1995	75.000	75.000	75.000 (j)
1996	100.000	70.000	70.000
1997	70.000	65.000	65.000
1998	90.000	77.500	77.500
1999	83.000	76.500	76.500
2000	130.000	152.418	152.418 (k)
2001	134.000	127.000 (l)	126.382 (m)
2002	150.000	135.000	135.000
2003	108.250	115.000	214.252 (o)
2004	94.900	94.900	124.458 (p)
2005	104,000	179.000 (q)	547.568 (r)
2006	195.800	175.000	
2007	200.500		

- (a) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (b) CRA limitation (P.L. 96-123).
- (c) CRA limitation.
- (d) In addition, \$125M appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.
- (e) Authorization waived in Continuing Resolution (P.L. 98-473).
- (f) Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$1.462M of this amount is not available for obligation.
- (g) Includes \$10M transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.
- (h) Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN Peacekeeping activities in Cambodia and El Salvador, and for other peacekeeping requirements.
- (i) Includes appropriation of \$75.623M plus \$6.812M transferred from other accounts.



- (j) The President's FY 1996 Budget shows PKO Budget Authority of \$75M in FY 1995. Subsequent to the release of the President's Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (k) Includes \$2.466M transferred to IO&P account for KEDO. Does not reflect \$.582M rescission under the Consolidated Appropriations Act, 2001 (P.L. 106-554).
- (l) Authorization waived according to Section 525, Foreign Operations, Export Financing, and Related Appropriations Act 2001, (P.L. 106-429).
- (m) Reflects rescission of the Consolidated Appropriations Act, 2001 (P.L. 106-554) and includes \$2.279M UN reimbursement.
- (n) Reflects FY02 ERF and Supplemental Funds and \$620,000 UNAMSIL reimbursement.
- (o) Reflects FY03 Supplemental and 0.65% statutory reduction.
- (p) Reflects FY04 Supplemental and 0.59% statutory reduction.
- (q) Reflects \$75M in emergency funding for Sudan.
- (r) Reflects FY05 Supplemental, \$80M transfer from DoD for GPOI and 0.8% statutory reduction.

**Foreign Military Loan Liquidating Account (11X4121)**  
**(Formerly Guaranty Reserve Fund)**  
(\$ in millions)

Borrowing Authority – Permanent Indefinite Appropriation (a)

Fiscal Year	Request	Appropriated	Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	28.000	
1999	31.000	0.000	37.500	
2000	35.000	0.000	38.000	
2001	31.000	0.000	58.000	
2002	27.000	0.000	27.000	
2003	25.500	0.000	25.500	
2004	40.000	0.000	40.000	
2005	8.000	0.000	7.500	
2006	5.000	0.000	5.000	
2007	8.400	0.000		8.400

Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2001.

**Economic Support Fund**  
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1964	435.000	380.000	330.000
1965	405.000	405.000	401.000
1966	764.000	684.000	684.000
1967	750.000	715.000	690.000
1968	720.000	660.000	600.000
1969	595.000	410.000	365.000
1970	515.000	414.600	395.000
1971	600.000	414.600	414.600
1972	800.000	618.000	550.000
1973	848.800	(a)	600.000 (a)
1974	732.000	629.000	611.500
1975	1,425.300	1,377.000	1,200.000
1976	1,923.300	1,856.200	1,739.900
1977	50.200	464.100 (b)	279.700 (b)
1977	1,893.500	1,895.000	1,757.700
1978	2,232.200	2,235.000 (c)	2,219.300 (c)
1979	2,204.400 (d)(e)	2,202.000	2,282.000
1980	2,115.100 (e)(f)	1,935.000	1,946.000 (g)
1981	2,030.500	2,065.300	2,104.500 (g)
1982	2,931.500	2,973.500	2,926.000
1983	2,886.000 (h)	2,873.500	2,962.250 (g)
1984	2,949.000 (i)	3,074.000	3,254.250 (g)(j)
1985	3,438.100	(k)	6,084.000 (l)
1986	4,024.000	3,800.000	3,800.000 (m)(n)
1987	4,390.800 (o)	(p)	3,600.000 (q)
1988	3,600.000 (r)	(p)	3,200.820 (r)
1989	3,281.000 (r)	(p)	3,258.500
1990	3,849.100 (s)	(p)	3,916.510 (t)
1991	3,358.000 (u)	(p)	3,175.000 (v)
1992	3,240.000 (w)	(p)	3,216.624 (g)
1993	3,123.000 (x)	(p)	2,670.000
1994	2,582.000	(p)	2,364.562
1995	2,434.500 (y)	(p)	2,368.600
1996	2,494.300 (z)	(p)	2,359.600
1997	2,408.000	(p)	2,362.600
1998	2,497.600	(p)	2,419.600
1999	2,513.600 (aa)	(p)	2,592.831 (bb)
2000	2,543.000 (cc)	(p)	2,782.187 (dd)
2001	2,363.000	(p)	2,314.896 (ee)
2002	2,289.000	(p)	2,824.000 (ff)
2003	2,490.000	(p)	4,802.082 (gg)
2004	2,535.000	(p)	3,288.162 (hh)
2005	2,520.000	(p)	3,914.592 (ii)
2006	3,036.375	(p)	2,621.025 (jj)
2007	3,214.470		

- (a) CRA level - \$618M. There was no authorization level in FY 1973.
- (b) Section 506 of the International Security Assistance and Arms Control Act of 1976, P.L. 94-329, quarter not to exceed one-fourth of the total amount authorized in that Act for FY 1976.
- (c) Includes \$300M for Portugal; also \$20M for Lebanon, authorized as Disaster Assistance, but appropriated in the Security Support Assistance (SSA) account.
- (d) Includes a \$300M supplemental for Egypt and \$100M for Turkey.
- (e) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (f) Includes an \$80M supplemental for Central America.
- (g) CRA limitation.
- (h) Reflects initial budget request. Does not include the \$294.5M supplemental budget request.
- (i) Reflects initial budget request. Does not include the \$340.5M supplemental appropriation for Central America or the \$10M for Poland.
- (j) Includes supplemental appropriation (P.L. 98-332).
- (k) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (l) Includes FY 1985 Supplemental of \$2,258M.
- (m) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$159.358M not available for obligation.
- (n) Includes \$100M supplemental for the Republic of the Philippines.
- (o) Includes a supplemental request of \$297M.
- (p) Authorization waived.
- (q) Includes \$50M deobligation/reobligation reappropriation.
- (r) Includes \$12.5M deobligation reobligation reappropriation estimate.
- (s) Includes \$18M deobligation/reobligation reappropriation estimate and a \$500M supplemental for Panama.
- (t) Includes \$20M for Ireland (less \$.145M sequestration pursuant to P.L. 99-177), minus \$50M pursuant to P.L. 101-167 and \$755M supplemental (P.L. 101-302) for Panama, Nicaragua, Namibia, and South Africa
- (u) Includes \$14M reappropriation estimate.
- (v) Includes \$14M reappropriation estimate and \$30.2M transferred to other accounts. Includes \$20M for Ireland.
- (w) Includes \$12M reappropriation estimate.
- (x) Includes \$11M reappropriation estimate.
- (y) In 1995, the President's Budget did not request Economic Support Funds *per se*, but instead requested \$2,434M in democracy and peace activities.
- (z) The FY 1996 President's Budget includes a supplemental FY 1995 request of \$82.3M.
- (aa) Includes supplemental requests of \$200M for West Bank/Gaza; \$50M for Jordan-Wye; \$105M for Kosovo.
- (bb) Net of rescission enacted by the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guarantee Act of 1999 (P.L. 106-51). Net of rescission and inclusive of supplemental funding for emergency security, Kosovo, and Jordan enacted under the 1999 emergency supplemental appropriations acts.
- (cc) Includes \$150M supplemental request for Wye River Agreement.
- (dd) Net of .38% rescission of Miscellaneous Appropriations Act enacted by reference in P.L. 106-113. Also reflects rescission of \$10M pursuant to P.L. 107-20.
- (ee) Net of rescission of Consolidated Appropriations Act, 2001 (P.L. 106-554)
- (ff) Includes \$600M appropriated under P.L. 107-38, the Emergency Response Fund
- (gg) Net of 0.65% rescission of Consolidated Appropriations Resolution, 2003 (P.L. 108-7). Includes \$2.422 billion in emergency supplemental appropriations and \$100 million reimbursement from the Iraq Relief and Reconstruction Fund.

(hh) Net of 0.59% rescission of Consolidated Appropriations Act, 2004 (P.L. 108-199). Includes \$872 million in emergency supplemental appropriations, \$100 million mandatory transfer from the Iraq Relief and Reconstruction Fund, \$153 million transfer from the Emergency Response Fund, and \$24.853 million transfer from the FY 2004 IO&P account.

(ii) Net of 0.8% rescission of Consolidated Appropriations Act, 2005 (P.L. 108-447). Includes \$1,433.6 million in emergency supplemental appropriations.

(jj) Net of 1% rescission required by Title III of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (P.L. 109-148).

**FY 2007 Congressional Budget Justification  
P.L. 480 Title II - Dollars (Thousands)**

Region/Country	FY 2005 Final Program Levels					FY 2006 Estimate a/					FY 2007 Congressional Budget Request				
	Total	Transport	Commodity b/			Total	Transport	Commodity b/			Total	Transport	Commodity b/		
			PVO/CDO	WFP c/	IEFR d/			PVO/CDO	WFP c/	IEFR d/			PVO/CDO	WFP c/	IEFR d/
<b>ASIA/NEAR EAST</b>	<b>159,866</b>	<b>73,572</b>	<b>42,049</b>	<b>28,014</b>	<b>16,231</b>	<b>89,136</b>	<b>28,650</b>	<b>51,153</b>	<b>1,395</b>	<b>7,938</b>	<b>115,000</b>	<b>46,000</b>	<b>69,000</b>	<b>0</b>	<b>0</b>
Afghanistan*	56,950	32,934	0	24,016	0	2,093	698	0	1,395	0	0	0	0	0	0
Algeria*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bangladesh*	22,122	7,745	12,214	0	2,163	29,934	10,933	19,001	0	0	46,000	18,400	27,600	0	0
Cambodia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
East Timor*	994	589	0	405	0	0	0	0	0	0	0	0	0	0	0
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
India	35,763	9,648	26,115	0	0	44,053	11,901	32,152	0	0	45,000	18,000	27,000	0	0
Indonesia*	10,489	5,354	3,720	1,415	0	0	0	0	0	0	24,000	9,600	14,400	0	0
Iraq*	2,963	1,703	0	0	1,260	0	0	0	0	0	0	0	0	0	0
Nepal*	966	382	0	584	0	0	0	0	0	0	0	0	0	0	0
North Korea* (DPRK)	9,400	3,700	0	0	5,700	9,629	4,067	0	0	5,562	0	0	0	0	0
Pakistan*	0	0	0	0	0	3,427	1,051	0	0	2,376	0	0	0	0	0
Sri Lanka*	1,996	922	0	1,074	0	0	0	0	0	0	0	0	0	0	0
Tsunami Relief*	12,232	7,699	0	0	4,533	0	0	0	0	0	0	0	0	0	0
West Bank/Gaza*	5,991	2,896	0	520	2,575	0	0	0	0	0	0	0	0	0	0
<b>EUROPE &amp; EURASIA</b>	<b>22,483</b>	<b>10,483</b>	<b>5,137</b>	<b>6,166</b>	<b>697</b>	<b>8,924</b>	<b>4,839</b>	<b>0</b>	<b>3,188</b>	<b>897</b>	<b>13,000</b>	<b>5,200</b>	<b>7,800</b>	<b>0</b>	<b>0</b>
Armenia	1,098	567	0	531	0	0	0	0	0	0	0	0	0	0	0
Azerbaijan*	1,545	718	0	827	0	1,939	979	0	960	0	0	0	0	0	0
Georgia*	1,594	841	0	753	0	1,406	706	0	700	0	0	0	0	0	0
Russia*	1,498	801	0	0	697	2,095	1,198	0	0	897	0	0	0	0	0
Tajikistan*	16,748	7,556	5,137	4,055	0	3,484	1,956	0	1,528	0	13,000	5,200	7,800	0	0
<b>LATIN AMERICA</b>	<b>96,015</b>	<b>32,594</b>	<b>57,204</b>	<b>4,951</b>	<b>1,266</b>	<b>99,914</b>	<b>34,566</b>	<b>63,040</b>	<b>0</b>	<b>2,308</b>	<b>118,500</b>	<b>47,400</b>	<b>71,100</b>	<b>0</b>	<b>0</b>
Bolivia	12,607	5,605	7,002	0	0	15,699	7,396	8,303	0	0	24,000	9,600	14,400	0	0
Colombia	3,419	1,827	0	1,592	0	0	0	0	0	0	0	0	0	0	0
El Salvador*	617	268	0	349	0	0	0	0	0	0	0	0	0	0	0
Guatemala*	16,807	4,091	12,027	689	0	21,613	6,162	13,766	0	1,685	18,500	7,400	11,100	0	0
Haiti*	33,024	12,013	19,745	0	1,266	31,482	11,684	19,175	0	623	34,500	13,800	20,700	0	0
Honduras*	13,538	4,497	7,562	1,479	0	10,385	3,601	6,784	0	0	16,000	6,400	9,600	0	0
Nicaragua*	9,710	3,278	5,590	842	0	11,726	4,153	7,573	0	0	12,500	5,000	7,500	0	0
Peru	6,293	1,015	5,278	0	0	9,009	1,570	7,439	0	0	13,000	5,200	7,800	0	0
<b>AFRICA</b>	<b>1,234,734</b>	<b>766,814</b>	<b>186,148</b>	<b>202,454</b>	<b>79,318</b>	<b>272,918</b>	<b>144,381</b>	<b>78,135</b>	<b>44,720</b>	<b>5,682</b>	<b>217,500</b>	<b>92,800</b>	<b>124,700</b>	<b>0</b>	<b>0</b>
Angola*	29,250	17,939	5,166	6,145	0	0	0	0	0	0	10,000	4,000	6,000	0	0
Benin	2,600	875	1,725	0	0	1,190	371	819	0	0	3,000	1,200	1,800	0	0
Burkina Faso	14,995	7,035	7,960	0	0	14,057	6,551	7,506	0	0	21,000	8,400	12,600	0	0
Burundi*	16,501	11,264	0	5,237	0	7,778	4,956	0	2,822	0	0	0	0	0	0
Cape Verde	3,650	1,807	1,843	0	0	3,679	1,799	1,880	0	0	4,500	1,800	2,700	0	0
Central African Republic (CAR)*	428	299	0	129	0	0	0	0	0	0	0	0	0	0	0
Chad*	25,678	19,825	1,425	0	4,428	11,246	7,909	999	0	2,338	3,000	1,200	1,800	0	0
Congo-Brazzaville*	1,364	801	0	563	0	0	0	0	0	0	0	0	0	0	0
Congo-Democratic Republic*	29,205	20,927	1,112	7,166	0	0	0	0	0	0	0	0	0	0	0
Cote D'Ivoire*	5,859	3,881	0	1,978	0	3,463	2,116	0	1,347	0	0	0	0	0	0
Djibouti*	1,512	842	0	427	243	0	0	0	0	0	0	0	0	0	0
Eritrea*	53,604	27,222	14,091	2,541	9,750	0	0	0	0	0	0	0	0	0	0

**FY 2007 Congressional Budget Justification  
P.L. 480 Title II - Dollars (Thousands)**

	FY 2005 Final Program Levels					FY 2006 Estimate a/					FY 2007 Congressional Budget Request				
Ethiopia*	330,144	173,089	60,396	96,659	0	14,801	6,696	2,345	5,760	0	12,000	4,800	7,200	0	0
Gambia	0	0	0	0	0	2,621	608	2,013	0	0	0	0	0	0	0
Ghana	17,784	6,986	10,798	0	0	21,855	7,988	13,867	0	0	25,000	10,000	15,000	0	0
Guinea*	11,676	4,665	4,503	2,508	0	3,023	590	2,433	0	0	5,500	2,200	3,300	0	0
Kenya*	45,056	25,523	6,313	4,996	8,224	16,463	7,678	6,773	2,012	0	12,500	5,000	7,500	0	0
Lesotho	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Liberia*	22,550	14,330	1,231	6,989	0	5,960	3,770	0	2,190	0	0	0	0	0	0
Madagascar*	10,528	3,983	6,545	0	0	14,063	4,165	9,898	0	0	18,000	7,200	10,800	0	0
Malawi	10,288	6,781	3,507	0	0	8,103	3,077	5,026	0	0	14,500	5,800	8,700	0	0
Mali*	667	417	0	0	250	0	0	0	0	0	0	0	0	0	0
Mauritania*	13,638	7,125	3,144	3,369	0	1,328	503	825	0	0	5,000	2,000	3,000	0	0
Mozambique	8,850	3,000	5,850	0	0	7,816	3,199	4,617	0	0	19,000	7,600	11,400	0	0
Niger*	12,368	6,414	3,420	0	2,534	2,449	1,264	1,185	0	0	6,000	2,400	3,600	0	0
Regional W. Africa	2,569	711	1,858	0	0	0	0	0	0	0	5,000	3,000	2,000	0	0
Rwanda*	14,000	7,645	4,459	1,896	0	11,758	5,033	5,278	1,447	0	15,000	6,000	9,000	0	0
Senegal	2,269	724	1,545	0	0	3,749	1,202	2,547	0	0	3,500	1,400	2,100	0	0
Sierra Leone*	13,277	6,994	4,102	2,181	0	7,051	2,732	4,319	0	0	11,000	4,400	6,600	0	0
Somalia*	26,286	18,977	4,828	2,481	0	4,997	3,565	0	1,432	0	0	0	0	0	0
Southern Africa (crisis response)*	114,412	73,889	9,653	30,870	0	57,724	33,220	0	24,504	0	0	0	0	0	0
Sudan*	306,202	240,425	10,630	1,258	53,889	25,317	21,973	0	0	3,344	0	0	0	0	0
Tanzania*	16,668	11,809	0	4,859	0	4,253	2,797	0	1,456	0	0	0	0	0	0
Uganda*	64,410	36,751	8,924	18,735	0	16,193	9,336	5,107	1,750	0	19,000	11,400	7,600	0	0
Zambia*	6,446	3,859	1,120	1,467	0	1,981	1,283	698	0	0	5,000	3,000	2,000	0	0
<b>Prepositioned Stocks*</b>	<b>40,143</b>	<b>0</b>	<b>40,143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>WORLDWIDE TOTAL</b>	<b>1,553,241</b>	<b>883,463</b>	<b>330,681</b>	<b>241,585</b>	<b>97,512</b>	<b>470,892</b>	<b>212,436</b>	<b>192,328</b>	<b>49,303</b>	<b>16,825</b>	<b>464,000</b>	<b>191,400</b>	<b>272,600</b>	<b>0</b>	<b>0</b>
* Includes emergency program. Emergency levels are detailed in separate table (EMERGENCY PROGRAMS) below.															
<b>EMERGENCY PROGRAMS</b>															
<b>ASIA/NEAR EAST</b>	<b>43,214</b>	<b>22,985</b>	<b>0</b>	<b>3,998</b>	<b>16,231</b>	<b>15,149</b>	<b>5,816</b>	<b>0</b>	<b>1,395</b>	<b>7,938</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Afghanistan	0	0	0	0	0	2,093	698	0	1,395	0	0	0	0	0	0
Algeria	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bangladesh	4,445	2,282	0	0	2,163	0	0	0	0	0	0	0	0	0	0
East Timor	994	589	0	405	0	0	0	0	0	0	0	0	0	0	0
Indonesia	4,227	2,812	0	1,415	0	0	0	0	0	0	0	0	0	0	0
Iraq	2,963	1,703	0	0	1,260	0	0	0	0	0	0	0	0	0	0
Nepal	966	382	0	584	0	0	0	0	0	0	0	0	0	0	0
North Korea (DPRK)	9,400	3,700	0	0	5,700	9,629	4,067	0	0	5,562	0	0	0	0	0
Pakistan	0	0	0	0	0	3,427	1,051	0	0	2,376	0	0	0	0	0
Sri Lanka	1,996	922	0	1,074	0	0	0	0	0	0	0	0	0	0	0
Tsunami Relief	12,232	7,699	0	0	4,533	0	0	0	0	0	0	0	0	0	0
West Bank/Gaza	5,991	2,896	0	520	2,575	0	0	0	0	0	0	0	0	0	0
<b>EUROPE &amp; EURASIA</b>	<b>3,043</b>	<b>1,519</b>	<b>0</b>	<b>827</b>	<b>697</b>	<b>8,922</b>	<b>4,837</b>	<b>0</b>	<b>3,188</b>	<b>897</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Azerbaijan	1,545	718	0	827	0	1,939	979	0	960	0	0	0	0	0	0
Georgia	0	0	0	0	0	1,406	706	0	700	0	0	0	0	0	0
Russia	1,498	801	0	0	697	2,095	1,198	0	0	897	0	0	0	0	0
Tajikistan	0	0	0	0	0	3,483	1,956	0	1,528	0	0	0	0	0	0

**FY 2007 Congressional Budget Justification  
P.L. 480 Title II - Dollars (Thousands)**

	FY 2005 Final Program Levels					FY 2006 Estimate a/					FY 2007 Congressional Budget Request				
<b>LATIN AMERICA</b>	<b>3,135</b>	<b>1,869</b>	<b>0</b>	<b>0</b>	<b>1,266</b>	<b>5,521</b>	<b>3,213</b>	<b>0</b>	<b>0</b>	<b>2,308</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
El Salvador	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Guatemala	0	0	0	0	0	4,027	2,341	0	0	1,685	0	0	0	0	0
Haiti	3,135	1,869	0	0	1,266	1,494	871	0	0	623	0	0	0	0	0
Honduras	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nicaragua	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>AFRICA</b>	<b>1,078,490</b>	<b>699,217</b>	<b>97,501</b>	<b>202,454</b>	<b>79,318</b>	<b>143,237</b>	<b>92,835</b>	<b>0</b>	<b>44,720</b>	<b>5,682</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Angola	26,683	17,111	3,427	6,145	0	0	0	0	0	0	0	0	0	0	0
Burundi	16,501	11,264	0	5,237	0	7,778	4,956	0	2,822	0	0	0	0	0	0
Central African Republic	428	299	0	129	0	0	0	0	0	0	0	0	0	0	0
Chad	22,471	18,043	0	0	4,428	8,980	6,641	0	0	2,338	0	0	0	0	0
Congo-Brazzaville	1,364	801	0	563	0	0	0	0	0	0	0	0	0	0	0
Congo-Democratic Republic	29,205	20,927	1,112	7,166	0	0	0	0	0	0	0	0	0	0	0
Cote D'Ivoire	5,859	3,881	0	1,978	0	3,463	2,116	0	1,347	0	0	0	0	0	0
Djibouti	1,512	842	0	427	243	0	0	0	0	0	0	0	0	0	0
Eritrea	52,229	26,672	13,266	2,541	9,750	0	0	0	0	0	0	0	0	0	0
Ethiopia	316,953	166,940	53,354	96,659	0	10,138	4,378	0	5,760	0	0	0	0	0	0
Guinea	6,266	3,758	0	2,508	0	0	0	0	0	0	0	0	0	0	0
Kenya	34,822	21,602	0	4,996	8,224	5,346	3,334	0	2,012	0	0	0	0	0	0
Liberia	22,550	14,330	1,231	6,989	0	5,960	3,770	0	2,190	0	0	0	0	0	0
Madagascar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mali	667	417	0	0	250	0	0	0	0	0	0	0	0	0	0
Mauritania	8,811	5,442	0	3,369	0	0	0	0	0	0	0	0	0	0	0
Niger	5,552	3,018	0	0	2,534	0	0	0	0	0	0	0	0	0	0
Rwanda	6,187	4,291	0	1,896	0	3,118	1,671	0	1,447	0	0	0	0	0	0
Sierra Leone	5,928	3,747	0	2,181	0	0	0	0	0	0	0	0	0	0	0
Somalia	26,286	18,977	4,828	2,481	0	4,997	3,565	0	1,432	0	0	0	0	0	0
Southern Africa (crisis response)	114,412	73,889	9,653	30,870	0	57,724	33,220	0	24,504	0	0	0	0	0	0
Sudan	306,202	240,425	10,630	1,258	53,889	25,317	21,973	0	0	3,344	0	0	0	0	0
Tanzania	16,668	11,809	0	4,859	0	4,253	2,797	0	1,456	0	0	0	0	0	0
Uganda	47,498	28,763	0	18,735	0	6,164	4,414	0	1,750	0	0	0	0	0	0
Zambia	3,436	1,969	0	1,467	0	0	0	0	0	0	0	0	0	0	0
<b>Prepositioned Stocks</b>	<b>40,143</b>	<b>0</b>	<b>40,143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Worldwide Emergency Total</b>	<b>1,168,025</b>	<b>725,590</b>	<b>137,644</b>	<b>207,279</b>	<b>97,512</b>	<b>172,829</b>	<b>106,701</b>	<b>0</b>	<b>49,303</b>	<b>16,825</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>WORLDWIDE</b>	<b>1,553,241</b>	<b>883,463</b>	<b>330,681</b>	<b>241,585</b>	<b>97,512</b>	<b>470,892</b>	<b>212,436</b>	<b>192,328</b>	<b>49,303</b>	<b>16,825</b>	<b>464,000</b>	<b>191,400</b>	<b>272,600</b>	<b>0</b>	<b>0</b>
Regular	385,216	157,873	193,037	34,306	0	298,063	105,735	192,328	0	0	464,000	191,400	272,600	0	0
Emergency	1,168,025	725,590	137,644	207,279	97,512	172,829	106,701	0	49,303	16,825	0	0	0	0	0
<b>ASIA/NEAR EAST</b>	<b>159,866</b>	<b>73,572</b>	<b>42,049</b>	<b>28,014</b>	<b>16,231</b>	<b>89,136</b>	<b>28,650</b>	<b>51,153</b>	<b>1,395</b>	<b>7,938</b>	<b>115,000</b>	<b>46,000</b>	<b>69,000</b>	<b>0</b>	<b>0</b>
Regular	116,652	50,587	42,049	24,016	0	73,987	22,834	51,153	0	0	115,000	46,000	69,000	0	0
Emergency	43,214	22,985	0	3,998	16,231	15,149	5,816	0	1,395	7,938	0	0	0	0	0
<b>EUROPE &amp; EURASIA</b>	<b>22,483</b>	<b>10,483</b>	<b>5,137</b>	<b>6,166</b>	<b>697</b>	<b>8,924</b>	<b>4,839</b>	<b>0</b>	<b>3,188</b>	<b>897</b>	<b>13,000</b>	<b>5,200</b>	<b>7,800</b>	<b>0</b>	<b>0</b>
Regular	19,440	8,964	5,137	5,339	0	2	2	0	0	0	13,000	5,200	7,800	0	0
Emergency	3,043	1,519	0	827	697	8,922	4,837	0	3,188	897	0	0	0	0	0



**FY 2007 Congressional Budget Justification  
P.L. 480 Title II - Dollars (Thousands)**

	FY 2005 Final Program Levels					FY 2006 Estimate a/					FY 2007 Congressional Budget Request				
<b>LATIN AMERICA</b>	<b>96,015</b>	<b>32,594</b>	<b>57,204</b>	<b>4,951</b>	<b>1,266</b>	<b>99,914</b>	<b>34,566</b>	<b>63,040</b>	<b>0</b>	<b>2,308</b>	<b>118,500</b>	<b>47,400</b>	<b>71,100</b>	<b>0</b>	<b>0</b>
Regular	92,880	30,725	57,204	4,951	0	94,393	31,353	63,040	0	0	118,500	47,400	71,100	0	0
Emergency	3,135	1,869	0	0	1,266	5,521	3,213	0	0	2,308	0	0	0	0	0
<b>AFRICA</b>	<b>1,234,734</b>	<b>766,814</b>	<b>186,148</b>	<b>202,454</b>	<b>79,318</b>	<b>272,918</b>	<b>144,381</b>	<b>78,135</b>	<b>44,720</b>	<b>5,682</b>	<b>217,500</b>	<b>92,800</b>	<b>124,700</b>	<b>0</b>	<b>0</b>
Regular	156,244	67,597	88,647	0	0	129,681	51,546	78,135	0	0	217,500	92,800	124,700	0	0
Emergency	1,078,490	699,217	97,501	202,454	79,318	143,237	92,835	0	44,720	5,682	0	0	0	0	0
<b>Prepositioned Stocks</b>	<b>40,143</b>	<b>0</b>	<b>40,143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>UNALLOCATED BALANCE:</b>															
<b>Total</b>	<b>0</b>					<b>668,608</b>					<b>744,500</b>				
Regular	0					52,000					343,000				
WFP Pledge	0					175,000					175,000				
Emergency & WFP PRROs e/	0					426,608					226,500				
Overall Title II	0					15,000					0				
<b>Total Adjustments:</b>	<b>-127,969</b>					<b>-1,000</b>					<b>10,000</b>				
Section 202(e) f/	81,473					80,500					80,500				
Farmer-to-Farmer (FTF) g/	10,000					10,000					10,000				
Intern. Food Relief Partn. Act	6,852					7,000					7,000				
Administrative support	6,308					6,500					6,500				
Prior Year Recoveries and other adjustments h/	(255,102)					(75,000)					(94,000)				
Carry-Out (estimated)	50,000					20,000					20,000				
Carry-In	(27,500)					(50,000)					(20,000)				
<b>PROGRAM TOTAL i/</b>	<b>1,425,272</b>					<b>1,138,500</b>					<b>1,218,500</b>				

N.B. The FY 2005 Bill Emerson Humanitarian Trust (BEHT) approved program level of \$388 million is not included in the total PL 480 Title II Horn of Africa program levels.

- a/ Individual country levels represent the approvals in the Food for Peace Information System (FFPIS) as of Dec 1, 2005; in total they correspond to the FY 2006 Budget Justification level.
  - b/ Country levels may be adjusted throughout the fiscal year where approved levels are increased from the unallocated balance.
  - c/ Based on seasonal estimated average prices provided by USDA/FAS Sept 2005.
  - d/ USAID approves World Food Program (WFP) distribution to assure compliance with all laws and provides broad financial overview to ensure proper accounting of U.S. funds. A WFP Pledge of \$200 million is included for FY 2004 and FY 2005 (includes 202(e)), to support development and protracted relief and recovery operations (PRRO) under the United States Government's annual pledge.
  - e/ International Emergency Food Reserve (IEFR), implemented by WFP.
  - f/ WFP PRROs may be attributed to non-emergency activities.
  - g/ Includes \$6 million WFP cash grant formerly managed by the State Department's International Organization Affairs Bureau.
  - h/ This figure includes the Title II portion of the Farmer-to-Farmer (FTF) P.L. 480 contribution.
  - i/ Prior year recoveries also include confirmed fallout, commodity cost savings, and Maritime Administration reimbursements for cargo preference premiums, which were significant in FY 2004 because of a backlog of collections dating back to FY 1995.
- Adjustments include \$10 million Title II reimbursement for the Bill Emerson Humanitarian Trust in FY 2004 and FY 2005.
- i/ FY 2005 Base Appropriation of \$1,173 million was increased to include \$240 million of emergency supplemental for Sudan/Ethiopia/Eritrea. In addition, \$12.2 million was also provided as a reimbursement for the Tsunami Relief Effort.

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**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
<b>Africa</b>															
Africa Coastal/Border Security Program	-	-	-	3,968	-	-	-	-	-	-	-	-	-	-	3,968
Africa Regional	29,598	65,356	11,520	-	-	-	-	1,512	-	41,000	878	47,204	-	50,000	247,068
African Contingency Operations Training and Assistance	-	-	-	-	-	-	-	-	-	-	-	14,880	-	-	14,880
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	4,067	4,067
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	18,848	18,848
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	105,152	105,152
Angola	7,111	4,990	2,726	-	-	-	313	-	-	-	6,287	-	-	-	21,427
Benin	7,450	6,972	-	-	-	-	-	-	-	-	-	-	-	2,719	17,141
Botswana	-	-	-	496	-	35,544	710	-	-	-	-	-	-	1,456	38,206
Burkina Faso	-	-	-	-	-	-	128	-	-	-	-	-	-	3,017	3,145
Burundi	3,093	2,118	3,224	-	-	-	-	-	-	-	-	-	-	-	8,435
Cameroon	-	-	-	-	-	-	236	-	-	-	-	-	-	2,827	3,063
Cape Verde	-	-	-	-	-	-	181	-	-	-	-	-	-	1,664	1,845
Central Africa Regional	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Chad	-	-	-	-	-	-	470	-	-	-	1,988	-	-	1,734	4,192
Comoros	-	-	-	-	-	-	82	-	-	-	-	-	-	-	82
Cote d'Ivoire	-	-	-	-	-	25,512	-	-	-	-	-	-	-	-	25,512
Democratic Republic of Congo	25,415	16,812	4,960	-	-	-	196	-	-	-	-	-	-	-	47,383
Djibouti	-	-	1,984	4,468	-	-	239	-	-	-	25	-	-	-	6,716
Eritrea	14	14	-	-	-	-	241	-	-	-	2,800	-	-	-	3,069
Ethiopia	20,090	32,616	3,960	7,050	-	69,945	572	-	-	-	301	-	-	-	134,534
Gabon	-	-	-	-	-	-	292	-	-	-	-	-	-	1,687	1,979
Gambia	-	-	-	-	-	-	190	-	-	-	-	-	-	1,873	2,063
Ghana	18,920	18,173	-	496	-	-	648	-	-	-	-	-	-	2,528	40,765
Guinea	7,050	8,132	-	-	-	-	508	-	-	-	-	-	-	2,099	17,789
Guinea-Bissau	-	-	-	-	-	-	87	-	-	-	-	-	-	-	87
Kenya	14,600	15,782	7,678	-	-	116,495	139	-	-	-	4,544	-	-	3,150	162,388
Kimberley Process	-	-	1,736	-	-	-	-	-	-	-	-	-	-	-	1,736
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-	-	2,642	2,642
Liberia	3,971	6,854	24,800	2,976	-	-	-	5,000	-	-	-	-	-	-	43,601
Madagascar	13,315	9,424	-	-	-	-	253	-	-	-	-	-	-	2,244	25,236
Malawi	21,425	17,523	-	-	-	-	362	-	-	-	-	-	-	2,222	41,532
Mali	16,705	20,669	-	-	-	-	-	-	-	-	1,249	-	-	3,623	42,246
Mauritania	-	-	-	-	-	-	112	-	-	-	1,483	-	-	2,315	3,910
Mauritius	-	-	-	-	-	-	137	-	-	-	479	-	-	-	616
Military Health Affairs	-	-	-	1,984	-	-	-	-	-	-	-	-	-	-	1,984
Mozambique	13,430	17,435	-	-	-	48,434	220	-	-	-	2,336	-	-	2,349	84,204
MRA Africa	-	-	-	-	-	-	-	-	-	229,351	-	-	-	-	229,351
Namibia	796	6,602	-	-	-	37,461	-	-	-	-	37	-	-	2,507	47,403
NED Democracy Programs - AF	-	-	3,472	-	-	-	-	-	-	-	-	-	-	-	3,472
Niger	-	-	-	-	-	-	-	-	-	-	1,400	-	-	2,685	4,085
Nigeria	28,250	14,808	4,960	-	-	85,928	-	2,232	-	-	100	-	-	-	136,278
REDSO/ESA	12,900	21,524	-	-	-	-	-	-	-	-	-	-	-	-	34,424
Regional Center for Southern Africa	7,486	15,315	-	-	-	-	-	-	-	-	-	-	-	-	22,801

**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHA1	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Regional Organizations	-	-	900	-	-	-	-	-	-	-	-	-	-	-	900
Republic of the Congo	-	-	-	-	-	-	163	-	-	-	-	-	-	-	163
Rwanda	7,100	5,680	-	-	-	43,800	296	-	-	-	-	-	-	-	56,876
Safe Skies	-	-	3,472	-	-	-	-	-	-	-	-	-	-	-	3,472
Sao Tome and Principe	-	-	-	-	-	-	194	-	-	-	-	-	-	-	194
Senegal	14,775	12,995	-	496	-	-	1,222	-	-	-	339	-	-	3,502	33,329
Seychelles	-	-	-	-	-	-	106	-	-	-	-	-	-	-	106
Sierra Leone	100	4,600	5,952	-	-	-	270	-	-	-	-	-	-	-	10,922
Somalia	100	5,000	-	-	-	-	-	-	-	-	-	-	-	-	5,100
South Africa	5,328	25,710	992	-	-	118,165	-	1,756	-	-	-	-	-	3,137	155,088
Sudan	16,500	70,000	41,840	-	-	-	-	-	-	53,400	3,060	134,400	-	57,856	377,056
Swaziland	-	-	-	-	-	-	97	-	-	-	-	-	-	1,706	1,803
Tanzania	15,110	8,755	-	-	-	81,801	-	-	-	-	756	-	-	2,632	109,054
Togo	-	-	-	-	-	-	44	-	-	-	-	-	-	2,551	2,595
Trans-Sahara Counter-terrorism Initiative (TSCTI)	-	-	-	-	-	-	-	-	-	-	-	3,000	-	-	3,000
Uganda	15,160	27,967	-	1,984	-	122,741	293	-	-	-	-	-	-	1,768	169,913
West Africa Regional	19,737	23,009	-	-	-	-	-	-	-	-	-	-	-	-	42,746
Women's Justice Empowerment Initiative	-	-	-	-	-	-	-	1,200	-	-	-	-	-	-	1,200
Zambia	13,655	15,212	-	-	-	99,831	181	-	-	-	-	-	-	3,160	132,039
Zimbabwe	11,100	2,460	1,984	-	-	-	-	-	-	-	-	-	-	-	15,544
<b>Total Africa</b>	<b>370,284</b>	<b>517,507</b>	<b>126,160</b>	<b>23,918</b>	<b>-</b>	<b>885,657</b>	<b>9,182</b>	<b>11,700</b>	<b>-</b>	<b>323,751</b>	<b>28,062</b>	<b>199,484</b>	<b>-</b>	<b>299,720</b>	<b>2,795,425</b>
<b>East Asia and the Pacific</b>															
ASEAN	-	-	744	-	-	-	-	-	-	-	-	-	-	-	744
Brunei	-	-	-	-	-	-	-	-	-	-	40	-	-	-	40
Burma	-	-	7,936	-	-	-	-	-	-	-	-	-	-	-	7,936
Cambodia	29,300	8,950	16,864	992	-	-	-	-	-	-	3,949	-	-	-	60,055
China	-	-	-	-	-	-	-	-	-	-	-	-	-	1,388	1,388
East Asia and the Pacific Regional	-	-	-	-	-	-	-	-	-	-	1,866	-	-	-	1,866
East Timor	-	500	21,824	1,023	-	-	364	-	-	-	-	1,228	-	1,372	26,311
Environmental Programs	-	-	1,736	-	-	-	-	-	-	-	-	-	-	-	1,736
Fiji	-	-	-	248	-	-	268	-	-	-	-	-	-	1,829	2,345
Indonesia	37,100	27,848	68,480	-	-	-	728	-	-	-	6,262	-	-	-	140,418
Kiribati	-	-	-	-	-	-	-	-	-	-	-	-	-	1,571	1,571
Korea	-	-	-	-	-	-	-	-	-	-	290	-	-	-	290
Laos	-	-	-	-	-	-	-	1,984	-	-	2,500	-	-	-	4,484
Malaysia	-	-	-	-	-	-	1,100	-	-	-	2,371	-	-	-	3,471
Micronesia	-	-	-	-	-	-	-	-	-	-	-	-	-	1,972	1,972
Mongolia	-	-	9,920	992	-	-	1,009	-	-	-	-	-	-	1,694	13,615
MRA East Asia	-	-	-	-	-	-	-	-	-	22,778	-	-	-	-	22,778
NED Democracy Programs - EAP	-	-	3,968	-	-	-	-	-	-	-	-	-	-	-	3,968
Papua New Guinea	-	-	-	-	-	-	300	-	-	-	-	-	-	-	300
Philippines	27,050	27,576	30,720	29,760	-	-	2,915	3,968	-	-	2,257	-	-	2,820	127,066
Regional Development Mission / Asia	18,511	10,400	-	-	-	-	-	-	-	-	-	-	-	-	28,911
Regional Security Fund - EAP	-	-	248	-	-	-	-	-	-	-	-	-	-	-	248
Regional Women's Issues	-	-	992	-	-	-	-	-	-	-	-	-	-	-	992

**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHA1	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Samoa	-	-	-	-	-	-	-	-	-	-	-	-	-	1,354	1,354
Singapore	-	-	-	-	-	-	-	-	-	-	584	-	-	-	584
Solomon Islands	-	-	-	-	-	-	152	-	-	-	-	-	-	46	198
South Pacific Fisheries	-	-	17,856	-	-	-	-	-	-	-	-	-	-	-	17,856
Taiwan	-	-	-	-	-	-	-	-	-	-	320	-	-	-	320
Thailand	-	-	992	1,488	-	-	2,526	1,608	-	-	2,782	-	-	2,144	11,540
Tibet	-	-	4,216	-	-	-	-	-	-	-	-	-	-	-	4,216
Tonga	-	-	-	248	-	-	140	-	-	-	-	-	-	-	1,262
Vanuatu	-	-	-	-	-	-	111	-	-	-	-	-	-	-	2,232
Vietnam	1,200	4,750	-	-	-	24,044	50	-	-	-	3,331	-	-	-	33,375
<b>Total East Asia and the Pacific</b>	<b>113,161</b>	<b>80,024</b>	<b>186,496</b>	<b>34,751</b>	-	<b>24,044</b>	<b>9,663</b>	<b>7,560</b>	-	<b>22,778</b>	<b>26,552</b>	<b>1,228</b>	-	<b>19,684</b>	<b>525,941</b>
<b>Europe and Eurasia</b>															
Albania	-	-	-	2,976	-	-	1,145	-	-	-	1,256	-	28,266	1,759	35,402
Armenia	-	-	-	7,936	74,400	-	819	-	-	-	632	-	-	1,678	85,465
Azerbaijan	500	-	-	7,936	37,755	-	879	-	-	-	6,253	-	-	1,440	54,763
Belarus	-	-	-	-	11,896	-	-	-	-	-	-	-	-	-	11,896
Bosnia and Herzegovina	-	-	-	8,480	-	-	965	-	-	-	1,862	-	41,000	-	52,307
Bulgaria	-	-	-	6,944	-	-	1,532	-	-	-	500	-	27,250	3,311	39,537
Central and Eastern Europe Regional	250	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Croatia	-	-	-	-	-	-	-	-	-	-	790	-	22,000	-	22,790
Cyprus	-	-	13,392	-	-	-	-	-	-	-	580	-	-	-	13,972
Czech Republic	-	-	-	5,952	-	-	2,051	-	-	-	-	-	-	-	8,003
Estonia	-	-	-	4,960	-	-	1,183	-	-	-	1,000	-	-	-	7,143
Europe and Eurasia Regional	-	-	-	-	-	-	-	-	-	-	1,207	-	-	-	1,207
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	35,148	35,148
Georgia	2,000	-	-	11,904	86,000	-	1,413	-	-	-	4,346	-	-	1,656	107,319
Greece	-	-	-	-	-	-	1,026	-	-	-	137	-	-	-	1,163
Hungary	-	-	-	5,951	-	-	2,013	-	-	-	-	-	-	-	7,964
International Fund for Ireland	-	-	18,352	-	-	-	-	-	-	-	-	-	-	-	18,352
Irish Visa Program	-	-	3,472	-	-	-	-	-	-	-	-	-	-	-	3,472
Kosovo	-	-	-	-	-	-	-	-	-	-	-	-	83,000	-	83,000
Latvia	-	-	-	4,960	-	-	1,396	-	-	-	1,000	-	-	-	7,356
Lithuania	-	-	-	5,456	-	-	1,306	-	-	-	1,000	-	-	-	7,762
Macedonia	-	-	-	5,208	-	-	729	-	-	-	2,118	-	37,000	1,700	46,755
Malta	-	-	-	-	-	-	-	2,976	-	-	100	-	-	-	3,076
Moldova	-	-	-	446	17,350	-	1,044	-	-	-	495	-	-	-	2,277
MRA Europe	-	-	-	-	-	-	-	-	-	48,189	-	-	-	-	48,189
OSCE Regional - Europe and Eurasia	-	-	-	-	12,901	-	-	-	-	-	-	1,400	5,379	-	19,680
Poland	-	-	-	76,470	-	-	2,282	-	-	-	-	-	-	-	78,752
Portugal	-	-	-	-	-	-	850	-	-	-	-	-	-	-	850
Regional FSA	-	-	-	-	30,289	-	-	-	-	-	-	-	-	-	30,289
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	-	27,432	-	27,432
Romania	2,000	-	-	13,412	-	-	1,575	-	-	-	750	-	28,500	2,887	49,124
Russia	6,450	-	-	-	85,000	-	788	-	-	-	2,620	-	-	-	94,858
Serbia and Montenegro	-	-	-	-	-	-	-	-	-	-	1,288	-	93,600	-	94,888

**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHA1	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Slovakia	-	-	-	4,959	-	-	994	-	-	-	575	-	-	-	6,528
Slovenia	-	-	-	1,486	-	-	950	-	-	-	250	-	-	-	2,686
Turkey	-	-	-	33,728	-	-	3,716	-	-	-	1,218	-	-	-	38,662
Ukraine	4,663	-	-	2,976	138,600	-	1,855	-	-	-	3,350	-	-	4,816	156,260
<b>Total Europe and Eurasia</b>	<b>15,863</b>	-	<b>35,216</b>	<b>212,140</b>	<b>494,191</b>	-	<b>30,511</b>	<b>2,976</b>	-	<b>48,189</b>	<b>33,327</b>	<b>1,400</b>	<b>393,427</b>	<b>56,672</b>	<b>1,323,912</b>
<b>Near East</b>															
Algeria	-	-	-	-	-	-	920	-	-	-	482	-	-	-	1,402
Bahrain	-	-	-	18,847	-	-	649	-	-	-	1,489	-	-	-	20,985
Egypt	-	-	530,720	1,289,600	-	-	1,264	-	-	-	461	-	-	-	1,822,045
Iraq	-	-	-	-	-	-	-	-	-	-	3,590	-	-	-	3,590
Israel	-	-	407,120	2,202,240	-	-	-	-	-	-	210	-	-	-	2,609,570
Jordan	-	-	348,000	304,352	-	-	3,039	-	-	-	2,059	-	-	1,294	658,744
Kuwait	-	-	-	-	-	-	-	-	-	-	814	-	-	-	814
Lebanon	-	500	39,720	-	-	-	809	-	-	-	2,300	-	-	-	43,329
Libya	-	-	300	-	-	-	-	-	-	-	-	-	-	-	300
Middle East Multilaterals	-	-	1,984	-	-	-	-	-	-	-	-	-	-	-	1,984
Middle East Partnership Initiative	-	-	74,400	-	-	-	-	-	-	-	-	-	-	-	74,400
Middle East Regional Cooperation	-	-	4,960	-	-	-	-	-	-	-	-	-	-	-	4,960
Morocco	-	6,000	19,540	15,128	-	-	1,920	2,992	-	-	2,074	-	-	3,401	51,055
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	-	-	49,600	-	-	-	-	49,600
MRA Near East	-	-	-	-	-	-	-	-	-	98,442	-	-	-	-	98,442
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	19,956	-	-	19,956
Near East Asia Regional	-	-	-	-	-	-	-	-	-	-	305	-	-	-	305
NED Muslim Democracy Programs	-	-	3,968	-	-	-	-	-	-	-	-	-	-	-	3,968
Oman	-	-	-	19,840	-	-	1,141	-	-	-	654	-	-	-	21,635
Qatar	-	-	-	-	-	-	-	-	-	-	1,379	-	-	-	1,379
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	960	-	-	-	960
Tunisia	-	-	-	10,407	-	-	1,860	-	-	-	-	-	-	-	12,267
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	534	-	-	-	534
West Bank/Gaza	-	-	224,400	-	-	-	-	-	-	-	-	-	-	-	224,400
Yemen	-	-	14,880	9,910	-	-	1,089	-	-	-	3,198	-	-	-	29,077
<b>Total Near East</b>	-	<b>6,500</b>	<b>1,669,992</b>	<b>3,870,324</b>	-	-	<b>12,691</b>	<b>2,992</b>	-	<b>148,042</b>	<b>20,509</b>	<b>19,956</b>	-	<b>4,695</b>	<b>5,755,701</b>
<b>South and Central Asia</b>															
Afghanistan	38,000	164,000	1,309,800	396,800	-	-	945	709,280	-	-	41,484	15,500	-	-	2,675,809
Bangladesh	33,412	16,535	4,960	248	-	-	1,035	-	-	-	893	-	-	1,773	58,856
Central Asia Regional	-	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000
Central Asian Republics	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
India	53,222	24,856	14,880	-	-	-	1,502	-	-	-	4,181	-	-	-	98,641
Kazakhstan	-	-	-	4,960	26,690	-	997	-	-	-	1,351	-	-	2,509	36,507
Kyrgyz Republic	-	-	-	1,984	35,126	-	1,039	-	-	-	950	-	-	1,797	40,896
Maldives	-	-	-	-	-	-	169	-	-	-	-	-	-	-	169
MRA South Asia	-	-	-	-	-	-	-	-	-	59,098	-	-	-	-	59,098
Nepal	25,165	10,000	4,960	-	-	-	648	-	-	-	2,771	-	-	179	43,723
Pakistan	21,000	29,000	297,600	298,800	-	-	1,885	32,150	-	-	7,951	-	-	-	688,386
South Asia Regional	-	-	-	-	-	-	-	-	-	-	650	-	-	-	650

**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
South Asia Regional Fund	-	-	992	-	-	-	-	-	-	-	-	-	-	-	992
Sri Lanka	300	6,774	9,920	496	-	-	461	-	-	-	2,700	-	-	-	20,651
Tajikistan	-	-	-	496	24,513	-	348	-	-	-	1,489	-	-	-	26,846
Turkmenistan	-	-	-	694	6,505	-	389	-	-	-	-	-	-	1,589	9,177
Uzbekistan	-	-	-	-	31,495	-	-	-	-	-	2,408	-	-	1,328	35,231
<b>Total South and Central Asia</b>	<b>172,099</b>	<b>251,165</b>	<b>1,643,112</b>	<b>704,478</b>	<b>126,329</b>	<b>-</b>	<b>9,418</b>	<b>741,430</b>	<b>-</b>	<b>59,098</b>	<b>66,828</b>	<b>15,500</b>	<b>-</b>	<b>9,175</b>	<b>3,798,632</b>
<b>Western Hemisphere</b>															
Air Bridge Denial Program	-	-	-	-	-	-	-	-	11,111	-	-	-	-	-	11,111
Amazon Environmental Initiative	-	16,000	-	-	-	-	-	-	-	-	-	-	-	-	16,000
Argentina	-	-	-	-	-	-	1,119	-	-	-	175	-	-	-	1,294
Bahamas	-	-	-	99	-	-	341	992	-	-	734	-	-	-	2,166
Barbados	-	-	-	-	-	-	-	-	-	-	96	-	-	-	96
Belize	-	-	-	698	-	-	308	-	-	-	-	-	-	1,793	2,799
Bolivia	16,495	8,186	7,936	-	-	-	-	-	90,272	-	-	-	-	2,955	125,844
Brazil	8,710	3,479	-	-	-	-	-	-	8,928	-	200	-	-	-	21,317
Caribbean Regional	4,695	6,214	-	-	-	-	-	-	-	-	-	-	-	100,000	110,909
Central American Regional	5,901	11,236	-	-	-	-	-	-	-	-	-	-	-	-	17,137
Chile	-	-	-	495	-	-	600	-	-	-	-	-	-	-	1,095
Colombia	-	-	-	99,200	-	-	1,700	-	462,767	-	5,118	-	-	-	568,785
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	-	-	1,747	1,747
Cuba	-	-	8,928	-	-	-	-	-	-	-	-	-	-	-	8,928
Dominican Republic	13,099	7,372	2,976	992	-	-	1,194	-	-	-	111	-	-	2,908	28,652
Eastern Caribbean	-	-	-	1,113	-	-	591	-	-	-	-	-	-	3,254	4,958
Ecuador	-	6,609	11,901	-	-	-	-	-	25,792	-	-	-	-	3,051	47,353
El Salvador	7,555	26,675	-	1,488	-	-	1,794	-	-	-	267	-	-	2,609	40,388
Enterprise for the Americas Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	10,912	10,912
Guatemala	11,311	10,824	5,952	-	-	-	444	2,820	992	-	-	-	-	3,719	36,062
Guyana	-	3,572	-	99	-	14,753	296	-	-	-	-	-	-	1,535	20,255
Haiti	19,969	24,281	59,680	297	-	44,095	151	-	-	-	-	-	-	1,220	149,693
Honduras	13,192	20,856	-	1,492	-	-	1,322	-	-	-	-	-	-	3,285	40,147
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	17,856	17,856
Jamaica	4,542	12,219	-	595	-	-	757	1,488	-	-	65	-	-	2,793	22,459
LAC Regional	11,478	26,667	-	-	-	-	-	-	-	-	-	-	-	-	38,145
Latin America Regional	-	-	-	-	-	-	-	3,224	-	-	-	-	-	-	3,224
Mexico	3,234	15,055	13,392	-	-	-	1,253	39,680	-	-	285	-	-	1,216	74,115
MRA Western Hemisphere	-	-	-	-	-	-	-	-	-	23,775	-	-	-	-	23,775
Nicaragua	7,703	26,058	4,467	496	-	-	274	-	992	-	32	-	-	2,683	42,705
OAS Demining	-	-	-	-	-	-	-	-	-	-	1,766	-	-	-	1,766
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	4,861	4,861
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	-	2,976	2,976
Panama	-	5,125	2,976	992	-	-	955	-	5,952	-	25	-	-	2,992	19,017
Paraguay	1,980	3,748	2,179	-	-	-	-	-	-	-	811	-	-	2,353	11,071
Peru	14,756	11,246	4,000	-	-	-	-	-	115,370	-	-	-	-	2,326	147,698
Peru-Ecuador Peace	-	-	2,976	-	-	-	-	-	-	-	-	-	-	-	2,976
Regional Anticorruption Initiatives	-	-	2,976	-	-	-	-	-	-	-	-	-	-	-	2,976

**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
South America Regional	-	1,817	-	-	-	-	-	-	-	-	-	-	-	-	1,817
Summit of the Americas Support	-	-	1,488	-	-	-	-	-	-	-	-	-	-	-	1,488
Suriname	-	-	-	99	-	-	139	-	-	-	-	-	-	1,248	1,486
Third Border Initiative	-	-	8,928	-	-	-	-	-	-	-	-	-	-	-	8,928
Trade Capacity Building	-	-	19,840	-	-	-	-	-	-	-	-	-	-	-	19,840
Tri-Border Initiative	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
Trinidad and Tobago	-	-	-	-	-	-	-	-	-	-	49	-	-	-	49
Venezuela	-	-	2,432	-	-	-	-	-	2,976	-	-	-	-	-	5,408
Western Hemisphere Regional	-	-	-	-	-	-	-	-	-	-	624	-	-	-	624
<b>Total Western Hemisphere</b>	<b>144,620</b>	<b>247,239</b>	<b>163,027</b>	<b>108,155</b>	<b>-</b>	<b>58,848</b>	<b>13,238</b>	<b>48,204</b>	<b>725,152</b>	<b>23,775</b>	<b>10,858</b>	<b>-</b>	<b>-</b>	<b>180,292</b>	<b>1,723,408</b>
<b>Global</b>															
Admin/Assessments	-	-	-	-	-	-	-	-	-	-	200	-	-	-	200
Anticorruption	-	-	-	-	-	-	-	6,746	-	-	-	-	-	-	6,746
Anticrime Programs	-	-	-	-	-	-	-	8,333	-	-	-	-	-	-	8,333
Asia Regional	-	-	-	-	-	-	-	496	-	-	-	-	-	-	496
Asia-Near East Regional	4,458	28,744	-	-	-	-	-	-	-	-	-	-	-	-	33,202
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	99,200	99,200
ATA Alumni Network	-	-	-	-	-	-	-	-	-	-	590	-	-	-	590
ATA Program Management	-	-	-	-	-	-	-	-	-	-	27,058	-	-	-	27,058
Center for Human Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	149	149
Central Programs	-	-	-	-	-	253,673	-	-	-	-	-	-	-	-	253,673
Civilian Police Program	-	-	-	-	-	-	-	2,678	-	-	-	-	-	-	2,678
Coalition Solidarity Initiative	-	-	-	-	-	-	-	-	-	-	-	230,000	-	-	230,000
CT Engagement w/Allies	-	-	-	-	-	-	-	-	-	-	1,984	-	-	-	1,984
CTBT International Monitoring System	-	-	-	-	-	-	-	-	-	-	18,848	-	-	-	18,848
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	99,200	99,200
Demand Reduction	-	-	-	-	-	-	-	9,920	-	-	-	-	-	-	9,920
Demining Administrative Expenses	-	-	-	-	-	-	-	-	-	-	690	-	-	-	690
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	-	-	999	-	-	-	999
Demining Emergency Response	-	-	-	-	-	-	-	-	-	-	2,500	-	-	-	2,500
Democracy, Conflict & Humanitarian Assistance	6,075	103,070	-	-	-	-	-	-	-	-	-	-	-	-	109,145
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	7,936	7,936
Disability Programs	-	-	2,480	-	-	-	-	-	-	-	-	-	-	-	2,480
E-IMET Schools	-	-	-	-	-	-	3,369	-	-	-	-	-	-	-	3,369
Economic Growth, Agriculture and Trade	-	185,028	-	-	-	-	-	-	-	-	-	-	-	-	185,028
Enhanced International Peacekeeping Capabilities	-	-	-	1,786	-	-	-	-	-	-	-	-	-	-	1,786
Export Control Program Administration	-	-	-	-	-	-	-	-	-	-	2,362	-	-	-	2,362
Export Control Regional Advisors	-	-	-	-	-	-	-	-	-	-	6,639	-	-	-	6,639
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	72,614	72,614
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,000)	(26,000)
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	59,322	59,322



**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
FMF Administrative Costs	-	-	-	39,680	-	-	-	-	-	-	-	-	-	-	39,680
General Costs	-	-	-	-	-	-	661	-	-	-	-	-	-	-	661
Global Development Alliance	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	106,640	106,640
Global Health	324,105	-	-	-	-	-	-	-	-	-	-	-	-	-	324,105
Global Peace Operations Initiative	-	-	-	-	-	-	-	-	-	-	-	80,000	-	-	80,000
Global Regional Export Controls	-	-	-	-	-	-	-	-	-	-	1,450	-	-	-	1,450
Human Rights and Democracy Fund	-	-	35,704	-	-	-	-	-	-	-	-	-	-	-	35,704
IMO Maritime Security Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	99	99
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	52,576	-	-	-	52,576
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	992	992
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	6,349	6,349
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	837	837
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	-	843,200	843,200
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	367,040	367,040
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	-	14,880	14,880
International Law Enforcement Academies	-	-	-	-	-	-	-	12,734	-	-	-	-	-	-	12,734
International Organizations	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000
International Organizations/Partnerships	402,443	-	-	-	-	-	-	-	-	-	-	-	-	-	402,443
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	-	5,952	5,952
International Partnerships	-	-	-	-	-	29,000	-	-	-	-	-	-	-	-	29,000
International Trust Fund - NADR	-	-	-	-	-	-	-	-	-	-	9,920	-	-	-	9,920
Interregional Aviation Support	-	-	-	-	-	-	-	66,620	-	-	-	-	-	-	66,620
Legislative and Public Affairs	-	2,179	-	-	-	-	-	-	-	-	-	-	-	-	2,179
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	-	1,488,000	1,488,000
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	21,328	21,328
MRA Administrative Expenses	-	-	-	-	-	-	-	-	-	21,824	-	-	-	-	21,824
MRA Migration	-	-	-	-	-	-	-	-	-	13,425	-	-	-	-	13,425
MRA Refugee Admissions	-	-	-	-	-	-	-	-	-	137,664	-	-	-	-	137,664
MRA Strategic Global Priorities	-	-	-	-	-	-	-	-	-	59,694	-	-	-	-	59,694
New Course Development	-	-	-	-	-	-	-	-	-	-	13,540	-	-	-	13,540
No-Year/Carry Forward	-	-	-	-	-	-	279	-	-	-	-	-	-	-	279
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	-	-	39,244	-	-	-	39,244
Nonproliferation of WMD Expertise	-	-	-	-	-	-	-	-	-	-	50,096	-	-	-	50,096
Northern Caucasus	-	-	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000
Oceans, Environmental and Science Initiative	-	-	2,480	-	-	-	-	-	-	-	-	-	-	-	2,480
Office of Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	48,608	48,608
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	42,542	42,542
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	23,808	23,808
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	(252,260)	(252,260)

**Country/Account Summaries ('Spigots')**  
**FY 2005**  
(\$ in thousands)

<b>Countries/Accounts</b>	<b>CSH</b>	<b>DA</b>	<b>ESF</b>	<b>FMF</b>	<b>FSA</b>	<b>GHAI</b>	<b>IMET</b>	<b>INCLE</b>	<b>ACI</b>	<b>MRA</b>	<b>NADR</b>	<b>PKO</b>	<b>SEED</b>	<b>Other</b>	<b>Total</b>
Other Bilateral Programs	-	-	-	-	-	36,500	-	-	-	-	-	-	-	-	36,500
Other Programs	6,015	7,660	-	-	-	-	-	-	-	-	-	-	-	-	13,675
Partnership to Eliminate Sweatshops	-	-	1,984	-	-	-	-	-	-	-	-	-	-	-	1,984
Peace Corps Other	-	-	-	-	-	-	-	-	-	-	-	-	-	154,878	154,878
Program & Policy Coordination	3,277	9,204	-	-	-	-	-	-	-	-	-	-	-	-	12,481
Program Development and Support	-	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850
Program Equipment	-	-	-	-	-	-	-	-	-	-	6,852	-	-	-	6,852
Reconciliation Programs	-	-	11,904	-	-	-	-	-	-	-	-	-	-	-	11,904
Refugee Admissions (Protection)	-	-	-	-	-	-	-	-	-	26,000	-	-	-	-	26,000
Security and Sustainability Programs	-	-	2,976	-	-	-	-	-	-	-	-	-	-	-	2,976
Strategic Information/Evaluation	-	-	-	-	-	30,500	-	-	-	-	-	-	-	-	30,500
Systems Support and Upgrades	-	-	-	-	-	-	-	694	-	-	-	-	-	-	694
Technical Oversight and Management	-	-	-	-	-	55,698	-	-	-	-	-	-	-	-	55,698
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	51,088	51,088
Trafficking in Persons	-	-	24,304	-	-	-	-	4,960	-	-	-	-	-	-	29,264
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	18,848	18,848
Tsunami Recovery and Reconstruction	-	-	-	-	-	-	-	-	-	-	-	-	-	656,000	656,000
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	29,760	29,760
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	124,000	124,000
UN Democracy Fund (UNDEF)	-	-	3,797	-	-	-	-	-	-	-	500	-	-	-	4,297
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	-	1,984	1,984
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	-	108,128	108,128
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	-	10,912	10,912
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	1,488	1,488
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	-	6,944	6,944
UNIFEM Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	992	992
United Nations Crime Center	-	-	-	-	-	-	-	496	-	-	-	-	-	-	496
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	58,528	58,528
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	37,220	37,220
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	637,456	637,456
Wheelchairs	-	-	4,960	-	-	-	-	-	-	-	-	-	-	-	4,960
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	1,984	1,984
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	992	992
<b>Total Global</b>	<b>746,373</b>	<b>345,885</b>	<b>90,589</b>	<b>41,466</b>	<b>5,000</b>	<b>405,371</b>	<b>4,309</b>	<b>132,527</b>	<b>-</b>	<b>258,607</b>	<b>236,048</b>	<b>310,000</b>	<b>-</b>	<b>4,931,638</b>	<b>7,507,813</b>
<b>Total FY 2005</b>	<b>1,562,400</b>	<b>1,448,320</b>	<b>3,914,592</b>	<b>4,995,232</b>	<b>625,520</b>	<b>1,373,920</b>	<b>89,012</b>	<b>947,389</b>	<b>725,152</b>	<b>884,240</b>	<b>422,184</b>	<b>547,568</b>	<b>393,427</b>	<b>5,501,876</b>	<b>23,430,832</b>

**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
<b>Africa</b>															
Africa Coastal/Border Security Program	-	-	-	3,960	-	-	-	-	-	-	-	-	-	-	3,960
Africa Regional	28,891	127,007	8,613	-	-	-	-	594	-	-	1,600	40,866	-	-	207,571
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	3,602	3,602
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	22,770	22,770
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	134,343	134,343
African Union	-	-	-	-	-	-	198	-	-	-	-	-	-	-	198
Angola	14,623	4,468	2,970	-	-	-	396	-	-	-	6,000	-	-	-	28,457
Benin	7,903	4,378	-	-	-	-	149	-	-	-	-	-	-	3,003	15,433
Botswana	-	-	-	-	-	41,000	693	-	-	-	-	-	-	1,705	43,398
Burkina Faso	-	-	-	-	-	-	109	-	-	-	-	-	-	3,175	3,284
Burundi	2,669	2,917	3,811	-	-	-	149	-	-	-	-	-	-	-	9,546
Cameroon	-	-	-	-	-	-	248	-	-	-	-	-	-	3,028	3,276
Cape Verde	-	-	-	-	-	-	119	-	-	-	-	-	-	1,787	1,906
Central Africa Regional	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Central African Republic	-	-	-	-	-	-	99	-	-	-	-	-	-	-	99
Chad	-	-	-	-	-	-	247	-	-	-	3,550	-	-	1,863	5,660
Comoros	-	-	-	-	-	-	99	-	-	-	56	-	-	-	155
Cote d'Ivoire	-	-	-	-	-	30,137	-	-	-	-	300	-	-	-	30,437
Democratic Republic of Congo	23,960	10,670	4,950	-	-	-	248	-	-	-	-	-	-	-	39,828
Djibouti	-	-	4,950	3,960	-	-	322	-	-	-	170	-	-	-	9,402
ECOWAS	-	-	-	-	-	-	198	-	-	-	-	-	-	-	198
Equatorial Guinea	-	-	-	-	-	-	49	-	-	-	-	-	-	-	49
Eritrea	-	-	-	-	-	-	247	-	-	-	350	-	-	-	597
Ethiopia	31,570	28,910	3,960	1,980	-	109,500	594	-	-	-	335	-	-	-	176,849
Gabon	-	-	-	-	-	-	198	-	-	-	-	-	-	-	198
Gambia	-	-	-	-	-	-	99	-	-	-	-	-	-	2,002	2,101
Ghana	18,157	25,834	-	495	-	-	569	-	-	-	-	-	-	2,707	47,762
Guinea	6,748	7,855	-	-	-	-	347	-	-	-	-	-	-	2,581	17,531
Guinea-Bissau	-	-	-	-	-	-	99	-	-	-	-	-	-	-	99
Kenya	16,840	17,792	7,920	495	-	175,950	297	-	-	-	3,368	-	-	3,264	225,926
Kimberley Process	-	-	2,475	-	-	-	-	-	-	-	-	-	-	-	2,475
Lesotho	-	-	-	-	-	-	49	-	-	-	-	-	-	2,507	2,556
Liberia	3,164	23,926	42,719	1,980	-	-	198	990	-	-	-	-	-	-	72,977
Madagascar	11,526	9,966	-	-	-	-	198	-	-	-	56	-	-	2,203	23,949
Malawi	21,125	10,352	-	-	-	-	347	-	-	-	118	-	-	2,400	34,342
Mali	16,529	14,581	-	-	-	-	49	-	-	-	1,505	-	-	3,819	36,483
Mauritania	-	-	-	-	-	-	129	-	-	-	500	-	-	2,443	3,072
Mauritius	-	-	-	-	-	-	124	-	-	-	1,324	-	-	-	1,448
Military Health Affairs	-	-	-	1,980	-	-	-	-	-	-	-	-	-	-	1,980
Mozambique	17,361	12,307	-	-	-	79,600	213	-	-	-	1,900	-	-	2,345	113,726
MRA Africa	-	-	-	-	-	-	-	-	-	245,486	-	-	-	-	245,486
Namibia	1,168	6,179	-	-	-	51,500	49	-	-	-	-	-	-	2,650	61,546
Niger	-	-	-	-	-	-	49	-	-	-	955	-	-	2,963	3,967
Nigeria	21,544	14,000	4,950	990	-	138,100	792	990	-	-	635	-	-	-	182,001

**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
REDSO/ESA	9,898	17,979	-	-	-	-	-	-	-	-	-	-	-	-	27,877
Regional Center for Southern Africa	7,401	15,022	-	-	-	-	-	-	-	-	-	-	-	-	22,423
Regional Organizations	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990
Republic of the Congo	-	-	-	-	-	-	99	-	-	-	-	-	-	-	99
Rwanda	7,163	5,852	-	-	-	60,000	223	-	-	-	-	-	-	-	73,238
Safe Skies	-	-	2,970	-	-	-	-	-	-	-	-	-	-	-	2,970
Sao Tome and Principe	-	-	-	-	-	-	198	-	-	-	-	-	-	-	198
Senegal	14,001	19,554	-	495	-	-	1,089	-	-	-	468	-	-	3,660	39,267
Seychelles	-	-	-	-	-	-	99	-	-	-	56	-	-	-	155
Sierra Leone	297	3,756	5,940	-	-	-	322	-	-	-	-	-	-	-	10,315
Somalia	-	2,045	-	-	-	-	-	-	-	-	-	-	-	-	2,045
South Africa	5,070	24,362	1,287	-	-	191,553	49	594	-	-	14	-	-	3,443	226,372
Sudan	19,000	70,000	19,800	-	-	-	49	-	-	-	3,000	13,000	-	-	124,849
Swaziland	-	-	-	-	-	-	99	-	-	-	119	-	-	1,929	2,147
Tanzania	21,754	9,167	-	-	-	100,312	49	-	-	-	985	-	-	2,663	134,930
Togo	-	-	-	-	-	-	119	-	-	-	-	-	-	2,637	2,756
Uganda	19,948	21,614	-	-	-	145,000	238	-	-	-	-	-	-	1,848	188,648
West Africa Regional	16,570	35,026	-	-	-	-	-	-	-	-	-	-	-	-	51,596
Zambia	16,083	26,622	-	-	-	116,000	223	-	-	-	-	-	-	3,536	162,464
Zimbabwe	10,973	1,376	2,970	-	-	-	-	-	-	-	-	-	-	-	15,319
<b>Total Africa</b>	<b>391,936</b>	<b>588,517</b>	<b>121,275</b>	<b>16,335</b>	<b>-</b>	<b>1,238,652</b>	<b>10,826</b>	<b>3,168</b>	<b>-</b>	<b>245,486</b>	<b>27,364</b>	<b>53,866</b>	<b>-</b>	<b>226,876</b>	<b>2,924,301</b>
<b>East Asia and the Pacific</b>															
ASEAN	-	-	3,366	-	-	-	-	-	-	-	-	-	-	-	3,366
Brunei	-	-	-	-	-	-	-	-	-	-	42	-	-	-	42
Burma	-	-	10,890	-	-	-	-	-	-	-	-	-	-	-	10,890
Cambodia	28,556	5,487	14,850	990	-	-	49	-	-	-	5,100	-	-	-	55,032
China	-	4,950	-	-	-	-	-	-	-	-	-	-	-	1,785	6,735
Developing Asian Institutions Fund	-	-	1,485	-	-	-	-	-	-	-	-	-	-	-	1,485
East Asia and the Pacific Regional	-	-	-	-	-	-	-	-	-	-	2,250	-	-	-	2,250
East Timor	-	-	18,810	990	-	-	297	1,485	-	-	-	-	-	1,632	23,214
Environmental Programs	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990
Fiji	-	-	-	495	-	-	248	-	-	-	-	-	-	1,848	2,591
Indonesia	28,017	33,212	69,300	990	-	-	792	4,950	-	-	6,092	-	-	-	143,353
Kiribati	-	-	-	-	-	-	-	-	-	-	-	-	-	1,642	1,642
Korea	-	-	-	-	-	-	-	-	-	-	400	-	-	-	400
Laos	-	-	-	-	-	-	49	990	-	-	3,300	-	-	-	4,339
Malaysia	-	-	-	-	-	-	891	-	-	-	1,632	-	-	-	2,523
Micronesia	-	-	-	-	-	-	-	-	-	-	-	-	-	1,882	1,882
Mongolia	-	-	7,425	2,970	-	-	866	-	-	-	-	-	-	1,876	13,137
MRA East Asia	-	-	-	-	-	-	-	-	-	22,594	-	-	-	-	22,594
Pacific Islands	-	-	99	-	-	-	-	-	-	-	-	-	-	-	99
Papua New Guinea	-	-	-	-	-	-	297	-	-	-	-	-	-	-	297
Philippines	22,671	25,522	19,800	29,700	-	-	2,871	1,980	-	-	5,277	-	-	2,776	110,597
Regional Development Mission / Asia	18,941	13,628	-	-	-	-	-	-	-	-	-	-	-	-	32,569
Regional Women's Issues	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990
Samoa	-	-	-	-	-	-	49	-	-	-	-	-	-	1,481	1,530

**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Singapore	-	-	-	-	-	-	-	-	-	-	542	-	-	-	542
Solomon Islands	-	-	-	-	-	-	149	-	-	-	-	-	-	34	183
South Pacific Fisheries	-	-	17,820	-	-	-	-	-	-	-	-	-	-	-	17,820
Taiwan	-	-	-	-	-	-	-	-	-	-	450	-	-	-	450
Thailand	-	-	990	1,485	-	-	2,376	990	-	-	4,301	-	-	4,170	14,312
Tibet	-	-	3,960	-	-	-	-	-	-	-	-	-	-	-	3,960
Tonga	-	-	-	248	-	-	134	-	-	-	-	-	-	1,341	1,723
Vanuatu	-	-	-	-	-	-	99	-	-	-	-	-	-	2,207	2,306
Vietnam	-	2,818	1,980	-	-	31,214	50	-	-	-	3,690	-	-	-	39,752
<b>Total East Asia and the Pacific</b>	<b>98,185</b>	<b>85,617</b>	<b>172,755</b>	<b>37,868</b>	-	<b>31,214</b>	<b>9,217</b>	<b>10,395</b>	-	<b>22,594</b>	<b>33,076</b>	-	-	<b>22,674</b>	<b>523,595</b>
<b>Europe and Eurasia</b>															
Albania	-	-	-	3,465	-	-	891	-	-	-	1,180	-	24,750	1,836	32,122
Armenia	-	-	-	3,960	74,250	-	743	-	-	-	865	-	-	1,882	81,700
Azerbaijan	-	-	-	3,960	34,650	-	743	-	-	-	4,850	-	-	1,794	45,997
Belarus	-	-	-	-	11,880	-	-	-	-	-	250	-	-	-	12,130
Bosnia and Herzegovina	-	-	-	8,910	-	-	891	-	-	-	1,925	-	39,600	-	51,326
Bulgaria	-	-	-	9,900	-	-	1,386	-	-	-	400	-	19,800	3,464	34,950
Croatia	-	-	-	-	-	-	49	-	-	-	1,320	-	14,850	-	16,219
Cyprus	-	-	15,840	-	-	-	-	-	-	-	350	-	-	-	16,190
Czech Republic	-	-	-	3,960	-	-	1,881	-	-	-	-	-	-	-	5,841
Estonia	-	-	-	4,455	-	-	1,188	-	-	-	125	-	-	-	5,768
Europe and Eurasia Regional	-	-	-	-	-	-	-	-	-	-	650	-	-	-	650
Europe Regional Export Controls	-	-	-	-	-	-	-	-	-	-	935	-	-	-	935
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	1,006	1,006
Georgia	-	-	-	11,880	66,330	-	1,188	-	-	-	3,404	-	-	1,799	84,601
Greece	-	-	-	-	-	-	594	-	-	-	-	-	-	-	594
Hungary	-	-	-	2,475	-	-	1,559	-	-	-	75	-	-	-	4,109
International Fund for Ireland	-	-	13,365	-	-	-	-	-	-	-	-	-	-	-	13,365
Irish Visa Program	-	-	3,465	-	-	-	-	-	-	-	-	-	-	-	3,465
Kosovo	-	-	-	-	-	-	-	-	-	-	-	-	74,250	-	74,250
Latvia	-	-	-	4,455	-	-	1,188	-	-	-	125	-	-	-	5,768
Lithuania	-	-	-	4,455	-	-	1,188	-	-	-	613	-	-	-	6,256
Macedonia	-	-	-	3,960	-	-	644	-	-	-	1,925	-	34,650	1,846	43,025
Malta	-	-	-	-	-	-	49	-	-	-	660	-	-	-	709
Moldova	-	-	-	495	17,820	-	891	-	-	-	320	-	-	2,442	21,968
MRA Europe	-	-	-	-	-	-	-	-	-	44,335	-	-	-	-	44,335
OSCE Regional - Europe and Eurasia	-	-	-	-	11,880	-	-	-	-	-	-	-	24,453	-	36,333
Poland	-	-	-	29,700	-	-	1,980	-	-	-	83	-	-	-	31,763
Portugal	-	-	-	-	-	-	594	-	-	-	-	-	-	-	594
Regional FSA	-	-	-	-	31,957	-	-	-	-	-	-	-	-	-	31,957
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	-	21,087	-	21,087
Romania	-	-	-	12,870	-	-	1,485	-	-	-	75	-	19,800	2,959	37,189
Russia	2,970	-	-	-	79,200	-	743	-	-	-	700	-	-	-	83,613
Serbia and Montenegro	-	-	-	-	-	-	49	-	-	-	2,260	-	84,150	-	86,459
Slovakia	-	-	-	3,960	-	-	941	-	-	-	230	-	-	-	5,131

**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Slovenia	-	-	-	495	-	-	891	-	-	-	50	-	-	-	1,436
Turkey	-	-	-	14,850	-	-	2,970	-	-	-	1,220	-	-	-	19,040
Ukraine	2,176	-	-	10,890	83,160	-	1,683	-	-	-	3,533	-	-	5,079	106,521
<b>Total Europe and Eurasia</b>	<b>5,146</b>	-	<b>32,670</b>	<b>139,095</b>	<b>411,127</b>	-	<b>26,409</b>	-	-	<b>44,335</b>	<b>28,123</b>	-	<b>357,390</b>	<b>24,107</b>	<b>1,068,402</b>
<b>Near East</b>															
Algeria	-	-	-	-	-	-	743	-	-	-	65	-	-	-	808
Bahrain	-	-	-	15,593	-	-	644	-	-	-	3,098	-	-	-	19,335
Egypt	-	-	490,050	1,287,000	-	-	1,188	-	-	-	1,935	-	-	-	1,780,173
Iran and Syria	-	-	-	-	-	-	-	-	-	-	-	-	-	6,485	6,485
Iraq	-	-	60,390	-	-	-	693	-	-	-	-	-	-	-	61,083
Israel	-	-	237,600	2,257,200	-	-	-	-	-	-	526	-	-	-	2,495,326
Jordan	-	-	247,500	207,900	-	-	2,970	-	-	-	1,980	-	-	1,599	461,949
Kuwait	-	-	-	-	-	-	-	-	-	-	1,140	-	-	-	1,140
Lebanon	-	-	39,600	990	-	-	693	-	-	-	1,000	-	-	-	42,283
Middle East Multilaterals	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990
Middle East Partnership Initiative	-	-	99,000	-	-	-	-	-	-	-	-	-	-	-	99,000
Middle East Regional	-	-	-	-	-	-	-	-	-	-	200	-	-	-	200
Middle East Regional Cooperation	-	-	3,960	-	-	-	-	-	-	-	-	-	-	-	3,960
Morocco	-	8,217	10,890	12,375	-	-	1,856	990	-	-	774	-	-	3,554	38,656
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	-	-	39,600	-	-	-	-	39,600
MRA Near East	-	-	-	-	-	-	-	-	-	97,215	-	-	-	-	97,215
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	19,000	-	-	19,000
Near East Asia Regional	-	-	-	-	-	-	-	-	-	-	2,765	-	-	-	2,765
Oman	-	-	-	13,860	-	-	1,089	-	-	-	1,600	-	-	-	16,549
Qatar	-	-	-	-	-	-	-	-	-	-	1,574	-	-	-	1,574
Saudi Arabia	-	-	-	-	-	-	24	-	-	-	100	-	-	-	124
Tunisia	-	-	-	8,415	-	-	1,856	-	-	-	1,243	-	-	-	11,514
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	1,110	-	-	-	1,110
West Bank/Gaza	-	-	148,500	-	-	-	-	-	-	-	-	-	-	-	148,500
Yemen	-	-	7,920	8,415	-	-	1,089	-	-	-	2,250	-	-	-	19,674
<b>Total Near East</b>	-	<b>8,217</b>	<b>1,346,400</b>	<b>3,811,748</b>	-	-	<b>12,845</b>	<b>990</b>	-	<b>136,815</b>	<b>21,360</b>	<b>19,000</b>	-	<b>11,638</b>	<b>5,369,013</b>
<b>South and Central Asia</b>															
Afghanistan	41,449	148,500	425,700	-	-	-	792	232,650	-	-	28,173	-	-	-	877,264
Bangladesh	26,384	10,859	4,950	990	-	-	891	-	-	-	200	-	-	1,804	46,078
Central Asia Regional	-	-	-	-	1,703	-	-	-	-	-	-	-	-	-	1,703
Central Asian Republics	1,238	-	-	-	-	-	-	-	-	-	-	-	-	-	1,238
India	47,690	10,892	4,950	-	-	-	1,188	-	-	-	2,445	-	-	-	67,165
Kazakhstan	-	-	-	3,465	24,750	-	990	-	-	-	1,700	-	-	2,526	33,431
Kyrgyz Republic	-	-	-	1,881	24,750	-	1,089	-	-	-	4,103	-	-	1,915	33,738
Maldives	-	-	-	-	-	-	173	-	-	-	-	-	-	-	173
MRA South Asia	-	-	-	-	-	-	-	-	-	49,190	-	-	-	-	49,190
Nepal	18,613	7,895	4,950	1,980	-	-	644	-	-	-	991	-	-	-	35,073
Pakistan	32,172	40,590	337,095	297,000	-	-	2,024	37,620	-	-	7,800	-	-	-	754,301
South Asia Regional	-	-	-	-	-	-	-	-	-	-	650	-	-	-	650
South Asia Regional Fund	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990

**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Sri Lanka	-	3,465	3,960	990	-	-	445	-	-	-	4,075	-	-	-	12,935
Tajikistan	-	-	-	495	23,760	-	346	-	-	-	1,790	-	-	-	26,391
Turkmenistan	-	-	-	297	4,950	-	297	-	-	-	400	-	-	1,701	7,645
Uzbekistan	-	-	-	-	17,820	-	594	-	-	-	-	-	-	-	18,414
<b>Total South and Central Asia</b>	<b>167,546</b>	<b>222,201</b>	<b>782,595</b>	<b>307,098</b>	<b>97,733</b>	<b>-</b>	<b>9,473</b>	<b>270,270</b>	<b>-</b>	<b>49,190</b>	<b>52,327</b>	<b>-</b>	<b>-</b>	<b>7,946</b>	<b>1,966,379</b>
<b>Western Hemisphere</b>															
Air Bridge Denial Program	-	-	-	-	-	-	-	-	13,860	-	-	-	-	-	13,860
Argentina	-	-	-	49	-	-	1,089	-	-	-	766	-	-	-	1,904
Bahamas	-	-	-	99	-	-	386	495	-	-	1,532	-	-	-	2,512
Barbados	-	-	-	-	-	-	-	-	-	-	878	-	-	-	878
Belize	-	-	-	198	-	-	198	-	-	-	-	-	-	1,855	2,251
Bolivia	16,479	10,091	5,940	990	-	-	792	-	79,200	-	-	-	-	3,128	116,620
Brazil	3,069	8,007	-	-	-	-	50	-	5,940	-	1,050	-	-	-	18,116
Caribbean Regional	6,435	4,891	-	-	-	-	-	-	-	-	-	-	-	-	11,326
Central American Regional	6,039	5,876	-	-	-	-	-	-	-	-	-	-	-	-	11,915
Chile	-	-	-	594	-	-	644	-	-	-	470	-	-	-	1,708
Colombia	-	-	-	89,100	-	-	1,683	-	464,781	-	5,818	-	-	-	561,382
Costa Rica	-	-	-	-	-	-	50	-	-	-	-	-	-	1,794	1,844
Cuba	-	1,980	8,910	-	-	-	-	-	-	-	-	-	-	-	10,890
Dominican Republic	12,721	7,065	1,980	941	-	-	1,287	-	-	-	239	-	-	2,875	27,108
Eastern Caribbean	-	-	-	889	-	-	764	-	-	-	-	-	-	3,160	4,813
Ecuador	-	6,578	2,970	495	-	-	50	-	19,800	-	200	-	-	3,155	33,248
El Salvador	8,144	22,511	-	9,900	-	-	1,782	-	-	-	119	-	-	2,671	45,127
Enterprise for the Americas Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,724	1,724
Guatemala	12,040	9,699	4,455	-	-	-	396	2,475	-	-	-	-	-	3,840	32,905
Guyana	-	3,960	-	99	-	18,000	297	-	-	-	-	-	-	1,609	23,965
Haiti	19,801	29,700	49,500	990	-	47,300	213	14,850	-	-	-	-	-	548	162,902
Honduras	13,140	18,824	-	891	-	-	1,089	-	-	-	-	-	-	3,344	37,288
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	19,305	19,305
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	1,724	1,724
Jamaica	4,472	9,579	-	594	-	-	891	990	-	-	56	-	-	2,890	19,472
LAC Regional	9,735	61,082	-	-	-	-	-	-	-	-	-	-	-	-	70,817
Latin America Regional	-	-	-	-	-	-	-	2,475	-	-	-	-	-	-	2,475
Mexico	3,990	14,084	9,009	-	-	-	50	39,600	-	-	550	-	-	1,581	68,864
MRA Western Hemisphere	-	-	-	-	-	-	-	-	-	24,335	-	-	-	-	24,335
Nicaragua	7,699	20,843	3,366	594	-	-	594	-	-	-	-	-	-	2,653	35,749
OAS Demining	-	-	-	-	-	-	-	-	-	-	1,740	-	-	-	1,740
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	4,702	4,702
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	-	2,475	2,475
Operation Enduring Friendship	-	-	-	3,960	-	-	-	-	-	-	-	-	-	-	3,960
Panama	-	4,335	990	990	-	-	792	-	4,455	-	50	-	-	2,812	14,424
Paraguay	2,884	4,385	1,980	-	-	-	50	-	-	-	510	-	-	2,504	12,313
Peru	14,213	9,435	2,970	198	-	-	50	-	106,920	-	319	-	-	2,704	136,809
Peru-Ecuador Peace	-	-	1,980	-	-	-	-	-	-	-	-	-	-	-	1,980
Regional Anticorruption Initiatives	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990

**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
South America Regional	-	1,485	-	-	-	-	-	-	-	-	-	-	-	-	1,485
Summit of the Americas Support	-	-	2,970	-	-	-	-	-	-	-	-	-	-	-	2,970
Suriname	-	-	-	99	-	-	149	-	-	-	-	-	-	1,379	1,627
Third Border Initiative	-	-	2,970	-	-	-	-	-	-	-	-	-	-	-	2,970
Trade Capacity Building	-	-	19,800	-	-	-	-	-	-	-	-	-	-	-	19,800
Trinidad and Tobago	-	-	-	-	-	-	49	-	-	-	979	-	-	-	1,028
Uruguay	-	-	-	-	-	-	49	-	-	-	-	-	-	-	49
Venezuela	-	-	-	-	-	-	-	-	2,229	-	-	-	-	-	2,229
Western Hemisphere Regional	-	-	-	-	-	-	-	-	-	-	2,650	-	-	-	2,650
<b>Total Western Hemisphere</b>	<b>140,861</b>	<b>254,410</b>	<b>120,780</b>	<b>111,670</b>	<b>-</b>	<b>65,300</b>	<b>13,444</b>	<b>60,885</b>	<b>697,185</b>	<b>24,335</b>	<b>17,926</b>	<b>-</b>	<b>-</b>	<b>74,432</b>	<b>1,581,228</b>
<b>Global</b>															
Admin/Assessments	-	-	-	-	-	-	-	-	-	-	200	-	-	-	200
Anticrime Programs	-	-	-	-	-	-	-	10,395	-	-	-	-	-	-	10,395
Asia-Near East Regional	9,501	18,186	-	-	-	-	-	-	-	-	-	-	-	-	27,687
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	99,000	99,000
ATA Alumni Network	-	-	-	-	-	-	-	-	-	-	710	-	-	-	710
ATA Program Management	-	-	-	-	-	-	-	-	-	-	22,666	-	-	-	22,666
ATA Senior Policy Engagement Conferences	-	-	-	-	-	-	-	-	-	-	500	-	-	-	500
Center for Human Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	149	149
Central Programs	-	-	-	-	-	286,643	-	-	-	-	-	-	-	-	286,643
Civilian Police Program	-	-	-	-	-	-	-	1,980	-	-	-	-	-	-	1,980
Critical Flight Safety Program	-	-	-	-	-	-	-	-	29,970	-	-	-	-	-	29,970
CT Engagement w/Allies	-	-	-	-	-	-	-	-	-	-	990	-	-	-	990
CTBT International Monitoring System	-	-	-	-	-	-	-	-	-	-	14,207	-	-	-	14,207
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	64,350	64,350
Demand Reduction	-	-	-	-	-	-	-	9,900	-	-	-	-	-	-	9,900
Demining Administrative Expenses	-	-	-	-	-	-	-	-	-	-	705	-	-	-	705
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	-	-	5,595	-	-	-	5,595
Democracy, Conflict & Humanitarian Assistance	2,970	110,050	-	-	-	-	-	-	-	-	-	-	-	-	113,020
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	7,920	7,920
Disability Programs	-	-	3,960	-	-	-	-	-	-	-	-	-	-	-	3,960
E-IMET Schools	-	-	-	-	-	-	2,970	-	-	-	-	-	-	-	2,970
Economic Growth, Agriculture and Trade	-	160,369	-	-	-	-	-	-	-	-	-	-	-	-	160,369
Export Control Program Administration	-	-	-	-	-	-	-	-	-	-	2,845	-	-	-	2,845
Export Control Regional Advisors	-	-	-	-	-	-	-	-	-	-	7,538	-	-	-	7,538
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	72,468	72,468
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Export-Import Bank - Inspector General	-	-	-	-	-	-	-	-	-	-	-	-	-	990	990
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	99,000	99,000
Extractive Industries Transparency	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990
FMF Administrative Costs	-	-	-	41,086	-	-	-	-	-	-	-	-	-	-	41,086



**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
General Costs	-	-	-	-	-	-	693	-	-	-	-	-	-	-	693
Global Development Alliance	-	11,880	-	-	-	-	-	-	-	-	-	-	-	-	11,880
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	79,200	79,200
Global Health	298,112	-	-	-	-	-	-	-	-	-	-	-	-	-	298,112
Global Peace Operations Initiative	-	-	-	-	-	-	-	-	-	-	-	100,384	-	-	100,384
Global Regional Export Controls	-	-	-	-	-	-	-	-	-	-	5,850	-	-	-	5,850
Global Response/New Country Programs	-	-	-	-	-	-	-	-	-	-	613	-	-	-	613
House Democracy Assistance Program	-	-	990	-	-	-	-	-	-	-	-	-	-	-	990
Human Rights and Democracy Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	62,568	62,568
IMO Maritime Security Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	396	396
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	49,500	-	-	-	49,500
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	941	941
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	5,890	5,890
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	990	990
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	-	940,500	940,500
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	417,680	417,680
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	-	14,850	14,850
International Law Enforcement Academies	-	-	-	-	-	-	-	15,840	-	-	-	-	-	-	15,840
International Organizations	-	-	-	-	-	-	-	3,960	-	-	-	-	-	-	3,960
International Organizations/Partnerships	440,242	-	-	-	-	-	-	-	-	-	-	-	-	-	440,242
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	-	5,940	5,940
International Partnerships	-	-	-	-	-	227,700	-	-	-	-	-	-	-	-	227,700
International Trust Fund - NADR	-	-	-	-	-	-	-	-	-	-	9,900	-	-	-	9,900
Interregional Aviation Support	-	-	-	-	-	-	-	62,865	-	-	-	-	-	-	62,865
Legislative and Public Affairs	-	1,798	-	-	-	-	-	-	-	-	-	-	-	-	1,798
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	-	1,752,300	1,752,300
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	21,285	21,285
MRA Administrative Expenses	-	-	-	-	-	-	-	-	-	21,285	-	-	-	-	21,285
MRA Migration	-	-	-	-	-	-	-	-	-	12,889	-	-	-	-	12,889
MRA Refugee Admissions	-	-	-	-	-	-	-	-	-	159,440	-	-	-	-	159,440
MRA Strategic Global Priorities	-	-	-	-	-	-	-	-	-	66,721	-	-	-	-	66,721
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	1,287	1,287
National Endowment for Democracy (NED)	-	-	-	-	-	-	-	-	-	-	-	-	-	15,097	15,097
New Course Development	-	-	-	-	-	-	-	-	-	-	8,119	-	-	-	8,119
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	-	-	37,125	-	-	-	37,125
Nonproliferation of WMD Expertise	-	-	-	-	-	-	-	-	-	-	52,074	-	-	-	52,074
Oceans, Environmental and Science Initiative	-	-	7,920	-	-	-	-	-	-	-	-	-	-	-	7,920
Office of Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	39,600	39,600
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	41,851	41,851

**Country/Account Summaries ('Spigots')**  
**FY 2006**  
**(\$ in thousands)**

<b>Countries/Accounts</b>	<b>CSH</b>	<b>DA</b>	<b>ESF</b>	<b>FMF</b>	<b>FSA</b>	<b>GHAI</b>	<b>IMET</b>	<b>INCLE</b>	<b>ACI</b>	<b>MRA</b>	<b>NADR</b>	<b>PKO</b>	<b>SEED</b>	<b>Other</b>	<b>Total</b>
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	20,073	20,073
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	(223,000)	(223,000)
Other Bilateral Programs	-	-	-	-	-	49,500	-	-	-	-	-	-	-	-	49,500
Other Programs	87,277	40,622	-	-	-	-	-	-	-	-	-	-	-	-	127,899
Peace Corps Other	-	-	-	-	-	-	-	-	-	-	-	-	-	152,323	152,323
Program & Policy Coordination	2,574	6,893	-	-	-	-	-	-	-	-	-	-	-	-	9,467
Program Development and Support	-	-	-	-	-	-	-	16,830	-	-	-	-	-	-	16,830
Program Equipment	-	-	-	-	-	-	-	-	-	-	6,687	-	-	-	6,687
Reconciliation Programs	-	-	10,890	-	-	-	-	-	-	-	-	-	-	-	10,890
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	-	22,275	22,275
Security and Sustainability Programs	-	-	1,485	-	-	-	-	-	-	-	-	-	-	-	1,485
Strategic Information/Evaluation	-	-	-	-	-	31,185	-	-	-	-	-	-	-	-	31,185
Technical Oversight and Management	-	-	-	-	-	44,856	-	-	-	-	-	-	-	-	44,856
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	50,391	50,391
Trafficking in Persons	-	-	11,880	-	-	-	-	4,950	-	-	-	-	-	-	16,830
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	19,800	19,800
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	29,700	29,700
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	125,730	125,730
UN Democracy Fund (UNDEF)	-	-	-	-	-	-	-	-	-	-	-	-	-	7,920	7,920
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	-	3,218	3,218
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	-	108,900	108,900
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	-	10,159	10,159
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	-	-	-	-	-	-	-	-	-	-	-	-	-	805	805
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	1,485	1,485
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	-	6,517	6,517
UNHCHR Nepal	-	-	1,485	-	-	-	-	-	-	-	-	-	-	-	1,485
UNIFEM Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,485	1,485
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	69,300	69,300
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	35,640	35,640
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	623,700	623,700
Wheelchairs	-	-	4,950	-	-	-	-	-	-	-	-	-	-	-	4,950
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	1,881	1,881
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	940	940
<b>Total Global</b>	<b>840,676</b>	<b>349,798</b>	<b>44,550</b>	<b>41,086</b>	<b>-</b>	<b>639,884</b>	<b>3,663</b>	<b>126,720</b>	<b>29,970</b>	<b>260,335</b>	<b>225,824</b>	<b>100,384</b>	<b>-</b>	<b>4,763,494</b>	<b>7,426,384</b>
<b>Total FY 2006</b>	<b>1,644,350</b>	<b>1,508,760</b>	<b>2,621,025</b>	<b>4,464,900</b>	<b>508,860</b>	<b>1,975,050</b>	<b>85,877</b>	<b>472,428</b>	<b>727,155</b>	<b>783,090</b>	<b>406,000</b>	<b>173,250</b>	<b>357,390</b>	<b>5,131,167</b>	<b>20,859,302</b>

**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAJ	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
<b>Africa</b>															
Africa Coastal/Border Security Program	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000
Africa Regional	129,875	125,352	8,000	-	-	-	-	500	-	-	2,020	3,950	-	-	269,697
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	5,018	5,018
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	22,726	22,726
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	135,700	135,700
African Union (AU)	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000
Angola	13,374	7,544	2,500	-	-	-	400	-	-	-	6,000	-	-	-	29,818
Benin	8,403	400	-	-	-	-	150	-	-	-	-	-	-	3,056	12,009
Botswana	-	-	-	-	-	58,000	690	-	-	-	-	-	-	1,726	60,416
Burkina Faso	-	-	-	-	-	-	120	-	-	-	-	-	-	3,285	3,405
Burundi	3,080	3,943	2,500	-	-	-	100	-	-	-	-	-	-	-	9,623
Cameroon	-	-	-	-	-	-	295	-	-	-	-	-	-	3,043	3,338
Cape Verde	-	-	-	-	-	-	145	-	-	-	-	-	-	1,802	1,947
Central Africa Regional	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Central African Republic	-	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Chad	-	-	-	-	-	-	295	-	-	-	3,693	-	-	1,944	5,932
Comoros	-	-	-	-	-	-	105	-	-	-	-	-	-	-	105
Cote d'Ivoire	-	-	-	-	-	47,000	50	-	-	-	50	-	-	-	47,100
Democratic Republic of Congo	23,170	11,088	5,000	-	-	-	220	-	-	-	-	-	-	-	39,478
Djibouti	-	-	3,500	4,000	-	-	345	-	-	-	475	-	-	-	8,320
Equatorial Guinea	-	-	-	-	-	-	45	-	-	-	-	-	-	-	45
Eritrea	-	-	-	-	-	-	445	-	-	-	400	-	-	-	845
Ethiopia	28,813	22,810	4,000	2,000	-	225,000	640	-	-	-	625	-	-	-	283,888
Gabon	-	-	-	-	-	-	245	-	-	-	-	-	-	-	245
Gambia	-	-	-	-	-	-	120	-	-	-	-	-	-	1,926	2,046
Ghana	18,543	15,451	-	400	-	-	640	-	-	-	50	-	-	2,840	37,924
Guinea	5,471	4,529	-	-	-	-	345	-	-	-	-	-	-	2,571	12,916
Guinea-Bissau	-	-	-	-	-	-	100	-	-	-	500	-	-	-	600
Kenya	14,611	21,002	6,755	25	-	285,000	45	-	-	-	4,338	-	-	3,190	334,966
Lesotho	-	-	-	-	-	-	45	-	-	-	-	-	-	2,562	2,607
Liberia	3,001	29,499	40,000	1,600	-	-	245	800	-	-	-	14,800	-	-	89,945
Madagascar	11,479	8,129	-	-	-	-	225	-	-	-	-	-	-	2,173	22,006
Malawi	21,060	8,716	-	-	-	-	355	-	-	-	-	-	-	2,429	32,560
Mali	15,893	16,932	-	-	-	-	45	-	-	-	954	-	-	3,880	37,704
Mauritania	-	-	-	-	-	-	130	-	-	-	345	-	-	2,449	2,924
Mauritius	-	-	-	-	-	-	145	-	-	-	345	-	-	-	490
Military Health Affairs	-	-	-	1,600	-	-	-	-	-	-	-	-	-	-	1,600
Mozambique	15,929	13,403	-	-	-	124,000	215	-	-	-	1,000	-	-	2,367	156,914
MRA Africa	-	-	-	-	-	-	-	-	-	235,920	-	-	-	-	235,920
Namibia	1,180	5,275	-	-	-	73,000	45	-	-	-	-	-	-	2,674	82,174
Niger	-	-	-	-	-	-	45	-	-	-	576	-	-	2,990	3,611
Nigeria	19,677	21,204	5,000	800	-	272,000	590	400	-	-	600	-	-	-	320,271
REDSO/ESA	9,510	17,111	-	-	-	-	-	-	-	-	-	-	-	-	26,621

**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

<b>Countries/Accounts</b>	<b>CSH</b>	<b>DA</b>	<b>ESF</b>	<b>FMF</b>	<b>FSA</b>	<b>GHAI</b>	<b>IMET</b>	<b>INCLE</b>	<b>ACI</b>	<b>MRA</b>	<b>NADR</b>	<b>PKO</b>	<b>SEED</b>	<b>Other</b>	<b>Total</b>
Regional Center for Southern Africa	7,411	15,990	-	-	-	-	-	-	-	-	-	-	-	-	23,401
Regional Organizations	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
Republic of the Congo	-	-	-	-	-	-	105	-	-	-	-	-	-	-	105
Rwanda	7,729	3,943	-	-	-	82,000	270	-	-	-	-	-	-	-	93,942
Safe Skies	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000
Sao Tome and Principe	-	-	-	-	-	-	200	-	-	-	-	-	-	-	200
Senegal	14,183	13,246	-	400	-	-	1,135	-	-	-	650	-	-	3,568	33,182
Seychelles	-	-	-	-	-	-	120	-	-	-	-	-	-	-	120
Sierra Leone	300	3,820	2,500	-	-	-	325	-	-	-	-	-	-	-	6,945
Somalia	-	2,571	-	-	-	-	-	-	-	-	-	-	-	-	2,571
South Africa	5,130	19,279	1,300	-	-	330,000	45	500	-	-	50	-	-	3,614	359,918
Sudan	20,400	70,000	60,000	-	-	-	100	9,800	-	-	4,100	41,425	-	-	205,825
Swaziland	-	-	-	-	-	-	100	-	-	-	-	-	-	1,913	2,013
Tanzania	20,662	9,260	-	-	-	155,000	45	-	-	-	2,117	-	-	2,686	189,770
Togo	-	-	-	-	-	-	120	-	-	-	-	-	-	2,652	2,772
Trans-Sahara Counter-terrorism Initiative (TSCTI)	-	-	6,000	-	-	-	-	-	-	-	7,240	16,750	-	-	29,990
Uganda	18,512	23,845	-	-	-	188,000	295	-	-	-	150	-	-	1,868	232,670
West Africa Regional	15,890	36,379	-	-	-	-	-	-	-	-	-	-	-	-	52,269
Women's Justice Empowerment Initiative	-	-	7,250	-	-	-	-	9,500	-	-	-	-	-	-	16,750
Zambia	14,402	16,336	-	-	-	155,000	245	-	-	-	125	-	-	3,534	189,642
Zimbabwe	10,822	1,400	3,000	-	-	-	-	-	-	-	-	-	-	-	15,222
<b>Total Africa</b>	<b>478,510</b>	<b>563,457</b>	<b>164,305</b>	<b>14,825</b>	<b>-1,994,000</b>	<b>10,830</b>	<b>21,500</b>	<b>-</b>	<b>235,920</b>	<b>36,403</b>	<b>76,925</b>	<b>-</b>	<b>-</b>	<b>230,186</b>	<b>3,826,861</b>
<b>East Asia and the Pacific</b>															
ASEAN	-	-	3,400	-	-	-	-	-	-	-	-	-	-	-	3,400
Burma	-	-	7,000	-	-	-	-	-	-	-	-	-	-	-	7,000
Cambodia	27,378	6,597	13,500	500	-	-	45	-	-	-	5,050	-	-	-	53,070
China	-	5,000	-	-	-	-	-	-	-	-	-	-	-	1,886	6,886
Developing Asian Institutions Fund	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
East Asia and the Pacific Regional	-	-	-	-	-	-	-	-	-	-	200	-	-	-	200
East Timor	-	-	13,500	500	-	-	320	-	-	-	-	-	-	1,703	16,023
Fiji	-	-	-	250	-	-	270	-	-	-	-	-	-	1,901	2,421
Indonesia	27,507	26,724	80,000	6,500	-	-	1,285	4,700	-	-	7,771	-	-	-	154,487
Kiribati	-	-	-	-	-	-	-	-	-	-	-	-	-	1,625	1,625
Laos	-	-	500	-	-	-	45	900	-	-	3,400	-	-	-	4,845
Malaysia	-	-	-	-	-	-	885	-	-	-	3,465	-	-	-	4,350
Micronesia	-	-	-	-	-	-	-	-	-	-	-	-	-	1,952	1,952
Mongolia	-	-	7,500	3,000	-	-	910	-	-	-	-	-	-	1,956	13,366
MRA East Asia	-	-	-	-	-	-	-	-	-	20,405	-	-	-	-	20,405
Pacific Islands	-	-	100	-	-	-	-	-	-	-	-	-	-	-	100
Papua New Guinea	-	-	-	-	-	-	295	-	-	-	-	-	-	-	295
Philippines	21,072	19,603	20,000	17,600	-	-	2,865	1,900	-	-	5,487	-	-	2,910	91,437
Regional Development Mission / Asia	20,007	12,000	-	-	-	-	-	-	-	-	-	-	-	-	32,007
Regional Maritime	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000
Regional Women's Issues	-	-	800	-	-	-	-	-	-	-	-	-	-	-	800

**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHA1	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Samoa	-	-	-	-	-	-	45	-	-	-	-	-	-	1,539	1,584
Singapore	-	-	-	-	-	-	-	-	-	-	925	-	-	-	925
Solomon Islands	-	-	-	-	-	-	155	-	-	-	-	-	-	35	190
South Pacific Fisheries	-	-	18,000	-	-	-	-	-	-	-	-	-	-	-	18,000
Taiwan	-	-	-	-	-	-	-	-	-	-	575	-	-	-	575
Thailand	-	-	-	1,300	-	-	2,370	900	-	-	2,134	-	-	2,185	8,889
Tonga	-	-	-	250	-	-	145	-	-	-	-	-	-	1,280	1,675
Vanuatu	-	-	-	-	-	-	120	-	-	-	-	-	-	2,231	2,351
Vietnam	-	2,440	1,000	-	-	54,000	95	-	-	-	3,700	-	-	-	61,235
<b>Total East Asia and the Pacific</b>	<b>95,964</b>	<b>72,364</b>	<b>167,300</b>	<b>31,900</b>	-	<b>54,000</b>	<b>9,850</b>	<b>8,400</b>	-	<b>20,405</b>	<b>32,707</b>	-	-	<b>21,203</b>	<b>514,093</b>
<b>Europe and Eurasia</b>															
Albania	-	-	-	3,200	-	-	935	-	-	-	1,214	-	20,000	1,901	27,250
Armenia	-	-	-	3,500	50,000	-	790	-	-	-	2,040	-	-	1,814	58,144
Azerbaijan	-	-	-	4,500	28,000	-	885	-	-	-	4,853	-	-	1,883	40,121
Belarus	-	-	-	-	10,000	-	-	-	-	-	200	-	-	-	10,200
Bosnia and Herzegovina	-	-	-	9,000	-	-	910	-	-	-	2,030	-	31,000	-	42,940
Bulgaria	-	-	-	10,000	-	-	1,430	-	-	-	700	-	-	3,403	15,533
Croatia	-	-	-	-	-	-	45	-	-	-	875	-	-	-	920
Cyprus	-	-	15,000	-	-	-	-	-	-	-	365	-	-	-	15,365
Czech Republic	-	-	-	3,500	-	-	1,875	-	-	-	-	-	-	-	5,375
Estonia	-	-	-	4,000	-	-	1,185	-	-	-	-	-	-	-	5,185
Europe and Eurasia Regional	-	-	-	-	-	-	-	-	-	-	705	-	-	-	705
Europe Regional Export Controls	-	-	-	-	-	-	-	-	-	-	300	-	-	-	300
Georgia	-	-	-	10,000	58,000	-	1,235	-	-	-	4,664	-	-	1,944	75,843
Greece	-	-	-	-	-	-	590	-	-	-	-	-	-	-	590
Hungary	-	-	-	2,500	-	-	1,480	-	-	-	-	-	-	-	3,980
Irish Visa Program	-	-	3,500	-	-	-	-	-	-	-	-	-	-	-	3,500
Kosovo	-	-	-	-	-	-	-	-	-	-	150	-	79,000	-	79,150
Latvia	-	-	-	4,000	-	-	1,185	-	-	-	-	-	-	-	5,185
Lithuania	-	-	-	4,000	-	-	1,185	-	-	-	-	-	-	-	5,185
Macedonia	-	-	-	3,600	-	-	665	-	-	-	1,809	-	27,000	1,833	34,907
Malta	-	-	-	-	-	-	45	-	-	-	425	-	-	-	470
Moldova	-	-	-	500	16,000	-	885	-	-	-	300	-	-	2,484	20,169
MRA Europe	-	-	-	-	-	-	-	-	-	40,040	-	-	-	-	40,040
OSCE Regional - Europe and Eurasia	-	-	1,000	-	12,000	-	-	-	-	-	-	-	28,500	-	41,500
Poland	-	-	-	30,000	-	-	2,075	-	-	-	-	-	-	-	32,075
Portugal	-	-	-	-	-	-	690	-	-	-	-	-	-	-	690
Regional FSA	-	-	-	-	29,430	-	-	-	-	-	-	-	-	-	29,430
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	-	17,900	-	17,900
Romania	-	-	-	15,000	-	-	1,580	-	-	-	-	-	-	2,950	19,530
Russia	2,970	-	-	-	58,000	-	790	-	-	-	2,100	-	-	-	63,860
Serbia and Montenegro	-	-	-	-	-	-	45	-	-	-	2,900	-	70,500	-	73,445
Slovakia	-	-	-	4,000	-	-	985	-	-	-	100	-	-	-	5,085
Slovenia	-	-	-	500	-	-	885	-	-	-	-	-	-	-	1,385
Turkey	-	-	-	15,000	-	-	2,960	-	-	-	1,441	-	-	-	19,401

**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Ukraine	2,176	-	-	10,000	85,000	-	1,725	-	-	-	1,360	-	-	5,132	105,393
<b>Total Europe and Eurasia</b>	<b>5,146</b>	<b>-</b>	<b>19,500</b>	<b>136,800</b>	<b>346,430</b>	<b>-</b>	<b>27,060</b>	<b>-</b>	<b>-</b>	<b>40,040</b>	<b>28,531</b>	<b>-</b>	<b>273,900</b>	<b>23,344</b>	<b>900,751</b>
<b>Near East</b>															
Algeria	-	-	-	-	-	-	840	-	-	-	1,075	-	-	-	1,915
Bahrain	-	-	-	15,750	-	-	640	-	-	-	955	-	-	-	17,345
Egypt	-	-	455,000	1,300,000	-	-	1,235	-	-	-	1,860	-	-	-	1,758,095
Iraq	-	-	478,770	-	-	-	1,185	254,600	-	-	14,130	-	-	-	748,685
Israel	-	-	120,000	2,340,000	-	-	-	-	-	-	320	-	-	-	2,460,320
Jordan	-	-	245,000	206,000	-	-	3,060	-	-	-	1,641	-	-	1,614	457,315
Kuwait	-	-	-	-	-	-	20	-	-	-	1,070	-	-	-	1,090
Lebanon	-	-	35,500	4,800	-	-	935	-	-	-	2,000	-	-	-	43,235
Middle East Multilaterals	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
Middle East Partnership Initiative	-	-	120,000	-	-	-	-	-	-	-	-	-	-	-	120,000
Middle East Regional	-	-	-	-	-	-	-	-	-	-	200	-	-	-	200
Middle East Regional Cooperation	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
Morocco	-	5,400	18,000	12,500	-	-	1,975	1,000	-	-	1,470	-	-	3,508	43,853
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	-	-	40,000	-	-	-	-	40,000
MRA Near East	-	-	-	-	-	-	-	-	-	113,325	-	-	-	-	113,325
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	21,000	-	-	21,000
Near East Asia Regional	-	-	-	-	-	-	-	-	-	-	1,245	-	-	-	1,245
Oman	-	-	-	14,000	-	-	1,135	-	-	-	1,370	-	-	-	16,505
Qatar	-	-	-	-	-	-	-	-	-	-	1,493	-	-	-	1,493
Saudi Arabia	-	-	-	-	-	-	20	-	-	-	400	-	-	-	420
Tunisia	-	-	-	8,500	-	-	1,975	-	-	-	755	-	-	-	11,230
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	1,335	-	-	-	1,335
West Bank/Gaza	-	-	150,000	-	-	-	-	-	-	-	-	-	-	-	150,000
Yemen	-	-	12,000	8,500	-	-	1,085	-	-	-	3,751	-	-	-	25,336
<b>Total Near East</b>	<b>-</b>	<b>5,400</b>	<b>1,640,270</b>	<b>3,910,050</b>	<b>-</b>	<b>-</b>	<b>14,105</b>	<b>255,600</b>	<b>-</b>	<b>153,325</b>	<b>35,070</b>	<b>21,000</b>	<b>-</b>	<b>5,122</b>	<b>6,039,942</b>
<b>South and Central Asia</b>															
Afghanistan	42,800	150,000	610,000	-	-	-	1,185	297,390	-	-	22,550	-	-	-	1,123,925
Bangladesh	25,884	8,400	5,000	875	-	-	985	-	-	-	3,713	-	-	1,870	46,727
Central Asia Regional	-	-	-	-	1,570	-	-	-	-	-	-	-	-	-	1,570
Central Asian Republics	1,238	-	-	-	-	-	-	-	-	-	-	-	-	-	1,238
India	48,366	10,004	6,500	-	-	-	1,480	-	-	-	1,478	-	-	-	67,828
Kazakhstan	-	-	-	3,500	19,000	-	1,085	-	-	-	2,725	-	-	2,637	28,947
Kyrgyz Republic	-	-	-	1,500	32,000	-	1,085	-	-	-	1,425	-	-	1,849	37,859
Maldives	-	-	-	-	-	-	195	-	-	-	-	-	-	-	195
MRA South Asia	-	-	-	-	-	-	-	-	-	44,424	-	-	-	-	44,424
Nepal	17,985	7,051	5,000	1,300	-	-	790	-	-	-	1,186	-	-	-	33,312
Pakistan	21,700	29,000	350,000	300,000	-	-	2,075	25,500	-	-	10,290	-	-	-	738,565
South Asia Regional	-	-	-	-	-	-	-	-	-	-	1,020	-	-	-	1,020
South Asia Regional Fund	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Sri Lanka	-	3,500	4,000	900	-	-	540	-	-	-	1,200	-	-	-	10,140
Tajikistan	-	-	-	250	22,000	-	370	-	-	-	2,914	-	-	-	25,534

**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAI	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Turkmenistan	-	-	-	250	5,000	-	395	-	-	-	300	-	-	1,731	7,676
Uzbekistan	-	-	-	-	15,000	-	95	-	-	-	1,150	-	-	-	16,245
<b>Total South and Central Asia</b>	<b>157,973</b>	<b>207,955</b>	<b>982,500</b>	<b>308,575</b>	<b>94,570</b>	-	<b>10,280</b>	<b>322,890</b>	-	<b>44,424</b>	<b>49,951</b>	-	-	<b>8,087</b>	<b>2,187,205</b>
<b>Western Hemisphere</b>															
Argentina	-	-	-	40	-	-	1,135	-	-	-	250	-	-	-	1,425
Bahamas	-	-	-	80	-	-	225	500	-	-	-	-	-	-	805
Barbados	-	-	-	-	-	-	-	-	-	-	654	-	-	-	654
Belize	-	-	-	175	-	-	245	-	-	-	-	-	-	1,869	2,289
Bolivia	14,689	10,000	6,000	25	-	-	45	-	66,000	-	-	-	-	3,080	99,839
Brazil	5,985	8,000	-	-	-	-	45	-	4,000	-	990	-	-	-	19,020
Caribbean and Central America Regional	-	-	-	-	-	-	-	1,700	-	-	-	-	-	-	1,700
Caribbean Regional	5,640	6,000	-	-	-	-	-	-	-	-	-	-	-	-	11,640
Central American Regional	5,700	13,000	-	-	-	-	-	-	-	-	-	-	-	-	18,700
Chile	-	-	-	500	-	-	690	-	-	-	200	-	-	-	1,390
Colombia	-	-	-	90,000	-	-	1,680	-	465,000	-	3,840	-	-	-	560,520
Costa Rica	-	-	-	-	-	-	45	-	-	-	-	-	-	1,843	1,888
Cuba	-	-	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000
Dominican Republic	11,338	6,009	12,000	725	-	-	1,085	-	-	-	979	-	-	2,871	35,007
Eastern Caribbean	-	-	-	775	-	-	765	-	-	-	-	-	-	3,234	4,774
Ecuador	2,000	5,644	6,000	25	-	-	45	-	17,300	-	-	-	-	3,080	34,094
El Salvador	7,348	7,557	10,000	5,500	-	-	1,825	-	-	-	-	-	-	2,859	35,089
Enterprise for the Americas Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000
Guatemala	10,838	7,515	13,000	-	-	-	490	2,200	-	-	-	-	-	3,797	37,840
Guyana	-	4,000	-	75	-	25,000	320	-	-	-	-	-	-	1,614	31,009
Haiti	15,812	23,143	50,000	775	-	63,000	245	10,000	-	-	-	-	-	564	163,539
Honduras	12,170	13,290	-	675	-	-	1,285	-	-	-	-	-	-	3,336	30,756
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	19,268	19,268
Jamaica	2,810	7,391	-	500	-	-	750	900	-	-	1,355	-	-	2,911	16,617
LAC Regional	8,480	29,715	-	-	-	-	-	-	-	-	-	-	-	-	38,195
Mexico	3,720	9,282	9,000	-	-	-	45	39,000	-	-	225	-	-	1,610	62,882
MRA Western Hemisphere	-	-	-	-	-	-	-	-	-	21,978	-	-	-	-	21,978
Nicaragua	6,661	12,996	3,000	500	-	-	590	-	-	-	-	-	-	2,582	26,329
OAS Demining	-	-	-	-	-	-	-	-	-	-	1,800	-	-	-	1,800
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	5,225	5,225
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500
Operation Enduring Friendship	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000
Panama	-	3,180	-	775	-	-	650	-	4,000	-	115	-	-	3,024	11,744
Paraguay	2,106	4,130	2,000	-	-	-	45	-	-	-	540	-	-	2,425	11,246
Peru	12,736	9,000	4,000	25	-	-	45	-	98,500	-	-	-	-	2,815	127,121
Regional Anticorruption Initiatives	-	-	1,595	-	-	-	-	-	-	-	-	-	-	-	1,595
South America Regional	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-	2,000
Southern Cone Regional	-	-	-	-	-	-	-	500	-	-	-	-	-	-	500
Summit of the Americas Support	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Suriname	-	-	-	80	-	-	145	-	-	-	-	-	-	1,469	1,694

**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	GHAJ	IMET	INCLE	ACI	MRA	NADR	PKO	SEED	Other	Total
Third Border Initiative	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000
Trade Capacity Building	-	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
Trinidad and Tobago	-	-	-	-	-	-	45	-	-	-	2,849	-	-	-	2,894
Uruguay	-	-	-	-	-	-	45	-	-	-	-	-	-	-	45
Venezuela	-	-	1,500	-	-	-	45	-	1,000	-	-	-	-	-	2,545
Western Hemisphere Regional	-	-	-	-	-	-	-	-	-	-	1,485	-	-	-	1,485
<b>Total Western Hemisphere</b>	<b>128,033</b>	<b>181,852</b>	<b>152,095</b>	<b>105,250</b>	<b>-</b>	<b>88,000</b>	<b>12,575</b>	<b>54,800</b>	<b>655,800</b>	<b>21,978</b>	<b>15,282</b>	<b>-</b>	<b>-</b>	<b>96,976</b>	<b>1,512,641</b>
<b>Global</b>															
Admin/Assessments	-	-	-	-	-	-	-	-	-	-	250	-	-	-	250
Anticrime Programs	-	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500
Asia-Near East Regional	3,287	23,540	-	-	-	-	-	-	-	-	-	-	-	-	26,827
Asia-Pacific Partnership	-	-	26,000	-	-	-	-	-	-	-	-	-	-	-	26,000
Asian Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	23,750	23,750
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	115,250	115,250
ATA Program Management	-	-	-	-	-	-	-	-	-	-	23,544	-	-	-	23,544
ATA Senior Policy Engagement	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000
Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Center for Human Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	400	400
Central Programs	-	-	-	-	-	480,000	-	-	-	-	-	-	-	-	480,000
Civilian Police Program	-	-	-	-	-	-	-	2,000	-	-	-	-	-	-	2,000
Conflict Response Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000	75,000
Critical Flight Safety Program	-	-	-	-	-	-	-	-	65,700	-	-	-	-	-	65,700
CT Engagement w/Allies	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000
CTBT International Monitoring System	-	-	-	-	-	-	-	-	-	-	19,800	-	-	-	19,800
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	182,799	182,799
Demand Reduction	-	-	-	-	-	-	-	1,900	-	-	-	-	-	-	1,900
Demining Administrative Expenses	-	-	-	-	-	-	-	-	-	-	700	-	-	-	700
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	-	-	2,500	-	-	-	2,500
Demining Emergency Response	-	-	-	-	-	-	-	-	-	-	2,500	-	-	-	2,500
Demining New Country Programs	-	-	-	-	-	-	-	-	-	-	1,500	-	-	-	1,500
Demining Post-Graduation Support	-	-	-	-	-	-	-	-	-	-	1,450	-	-	-	1,450
Democracy, Conflict & Humanitarian Assistance	3,000	69,797	-	-	-	-	-	-	-	-	-	-	-	-	72,797
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	8,400	8,400
Development Credit Program - Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000
E-IMET Schools	-	-	-	-	-	-	3,700	-	-	-	-	-	-	-	3,700
Economic Growth, Agriculture and Trade	-	139,024	-	-	-	-	-	-	-	-	-	-	-	-	139,024
Export Control Program Administration	-	-	-	-	-	-	-	-	-	-	3,125	-	-	-	3,125
Export Control Regional Advisors	-	-	-	-	-	-	-	-	-	-	8,006	-	-	-	8,006
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	75,234	75,234
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	(45,000)	(45,000)
Export-Import Bank - Inspector General	-	-	-	-	-	-	-	-	-	-	-	-	-	988	988



**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

<b>Countries/Accounts</b>	<b>CSH</b>	<b>DA</b>	<b>ESF</b>	<b>FMF</b>	<b>FSA</b>	<b>GHAJ</b>	<b>IMET</b>	<b>INCLE</b>	<b>ACI</b>	<b>MRA</b>	<b>NADR</b>	<b>PKO</b>	<b>SEED</b>	<b>Other</b>	<b>Total</b>
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	26,382	26,382
FMF Administrative Costs	-	-	-	43,500	-	-	-	-	-	-	-	-	-	-	43,500
General Costs	-	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Global Development Alliance	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	56,250	56,250
Global Health	288,153	-	-	-	-	-	-	-	-	-	-	-	-	-	288,153
Global Peace Operations Initiative	-	-	-	-	-	-	-	-	-	-	-	102,575	-	-	102,575
Global Regional Export Controls	-	-	-	-	-	-	-	-	-	-	5,488	-	-	-	5,488
Global Response/New Country Programs	-	-	-	-	-	-	-	-	-	1,050	-	-	-	-	1,050
Human Rights and Democracy Fund	-	-	35,000	-	-	-	-	-	-	-	-	-	-	-	35,000
ILEA Regional Training	-	-	-	-	-	-	-	-	-	-	3,100	-	-	-	3,100
IMO Maritime Security Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	400	400
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	50,000	-	-	-	50,000
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	950	950
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	5,906	5,906
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	-	950,000	950,000
International Development Law Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	300	300
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	348,800	348,800
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	-	18,000	18,000
International Law Enforcement Academies	-	-	-	-	-	-	-	17,000	-	-	-	-	-	-	17,000
International Organizations	-	-	-	-	-	-	-	5,400	-	-	-	-	-	-	5,400
International Organizations/Partnerships	271,548	-	-	-	-	-	-	-	-	-	-	-	-	-	271,548
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	-	5,320	5,320
International Partnerships	-	-	-	-	-	127,000	-	-	-	-	-	-	-	-	127,000
International Trust Fund - NADR	-	-	-	-	-	-	-	-	-	-	10,000	-	-	-	10,000
Interregional Aviation Support	-	-	-	-	-	-	-	65,500	-	-	-	-	-	-	65,500
Legislative and Public Affairs	-	1,816	-	-	-	-	-	-	-	-	-	-	-	-	1,816
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000	3,000,000
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	19,000	19,000
MRA Administrative Expenses	-	-	-	-	-	-	-	-	-	22,218	-	-	-	-	22,218
MRA Migration	-	-	-	-	-	-	-	-	-	11,640	-	-	-	-	11,640
MRA Refugee Admissions	-	-	-	-	-	-	-	-	-	222,694	-	-	-	-	222,694
MRA Strategic Global Priorities	-	-	-	-	-	-	-	-	-	60,256	-	-	-	-	60,256
New Course Development	-	-	-	-	-	-	-	-	-	-	8,042	-	-	-	8,042
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	-	-	38,000	-	-	-	38,000
Nonproliferation of WMD Expertise	-	-	-	-	-	-	-	-	-	-	56,200	-	-	-	56,200
Oceans, Environmental and Science Initiative	-	-	8,000	-	-	-	-	-	-	-	-	-	-	-	8,000

**Country/Account Summaries ('Spigots')**  
**FY 2007**  
**(\$ in thousands)**

<b>Countries/Accounts</b>	<b>CSH</b>	<b>DA</b>	<b>ESF</b>	<b>FMF</b>	<b>FSA</b>	<b>GHAJ</b>	<b>IMET</b>	<b>INCLE</b>	<b>ACI</b>	<b>MRA</b>	<b>NADR</b>	<b>PKO</b>	<b>SEED</b>	<b>Other</b>	<b>Total</b>
Office of Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	45,453	45,453
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	20,035	20,035
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	(225,000)	(225,000)
Other Bilateral Programs	-	-	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000
Peace Corps Other	-	-	-	-	-	-	-	-	-	-	-	-	-	167,219	167,219
Program & Policy Coordination	1,386	6,795	-	-	-	-	-	-	-	-	-	-	-	-	8,181
Program Development and Support	-	-	-	-	-	-	-	19,000	-	-	-	-	-	-	19,000
Program Equipment	-	-	-	-	-	-	-	-	-	-	14,231	-	-	-	14,231
Reconciliation Programs	-	-	11,000	-	-	-	-	-	-	-	-	-	-	-	11,000
Strategic Information/Evaluation	-	-	-	-	-	36,000	-	-	-	-	-	-	-	-	36,000
Technical Oversight and Management	-	-	-	-	-	65,000	-	-	-	-	-	-	-	-	65,000
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	50,300	50,300
Trafficking in Persons	-	-	8,500	-	-	-	-	7,000	-	-	-	-	-	-	15,500
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	23,700	23,700
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	55,000	55,000
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	123,000	123,000
UN Democracy Fund (UNDEF)	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	-	950	950
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	-	94,500	94,500
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	-	9,524	9,524
UN Office for the Coordination of Humanitarian Affairs (UN OCHA)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	1,425	1,425
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	-	4,750	4,750
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	131,800	131,800
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	38,000	38,000
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	678,826	678,826
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	1,900	1,900
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	950	950
<b>Total Global</b>	<b>567,374</b>	<b>250,972</b>	<b>88,500</b>	<b>43,500</b>	<b>-</b>	<b>758,000</b>	<b>4,200</b>	<b>132,300</b>	<b>65,700</b>	<b>316,808</b>	<b>251,486</b>	<b>102,575</b>	<b>-</b>	<b>6,157,461</b>	<b>8,738,876</b>
<b>Total FY 2007</b>	<b>1,433,000</b>	<b>1,282,000</b>	<b>3,214,470</b>	<b>4,550,900</b>	<b>441,000</b>	<b>2,894,000</b>	<b>88,900</b>	<b>795,490</b>	<b>721,500</b>	<b>832,900</b>	<b>449,430</b>	<b>200,500</b>	<b>273,900</b>	<b>6,542,379</b>	<b>23,720,369</b>